Financial Statements
June 30, 2020

Coachella Valley Unified School District

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Independent Auditor's Report

Governing Board
Coachella Valley Unified School District
Thermal, 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 Coachella Valley Unified 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 Coachella Valley Unified School District, as of June 30, 2020, 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.

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 11, budgetary comparison information on page 78, schedule of changes in the District's net 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 Coachella Valley Unified 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 February 8, 2021 on our consideration of Coachella Valley Unified 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 Coachella Valley Unified 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 Coachella Valley Unified School District's internal control over financial reporting and compliance .

Eide Bailly LLP

Rancho Cucamonga, California
February 8, 2021

COACHELLA VALLEY UNIFIED SCHOOL DISTRICT

87-225 CHURCH STREET ❖ P.O. BOX 847 ❖ THERMAL, CA 92274
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This section of Coachella Valley Unified School District's (the District) 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 Coachella Valley Unified School 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. These statements include all assets of the District (including capital assets) as well as all liabilities (including long-term obligations). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

Governmental Activities are prepared using the economic resources measurement focus and the accrual basis of accounting.

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

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

- The *Proprietary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

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

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

The Primary unit of the government is the Coachella Valley Unified 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 and liabilities 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, which is 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 twelve students, adult education students, the operation of child development activities, 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 U.S. 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.

Proprietary funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position. We use internal service funds to report activities that provide supplies and services for the District's other programs and activities - such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

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, scholarships, employee retiree benefits and pensions. The District's fiduciary activities are reported in the Statements 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.

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

The District was able to maintain a strong ending balance in the combined General Fund. This resulted from careful control of expenditures and cooperative agreements with employee bargaining units. As the economic outlook improves, the District anticipates significant revenue growth over the next few years, enabling the District to eliminate its structural deficit.

The 2019-2020 year closed with the District implementing distance learning, giving rise to a unique and innovative way of learning with mobile devices in the hands of students.

As has been the practice of the District, Coachella Valley Unified School District does not reallocate categorical program carryover from the prior year until the financial records for the prior year are closed. Consequently, the original budget may not include all available revenues or expenditures related to categorical carryover, while the subsequent budget revisions and actual results reflect these carryovers.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $(28,179,228) for the fiscal year ended June 30, 2020. Of this amount, $(283,602,208) was unrestricted deficit. Restricted net position is reported separately to show legal constraints from debt covenants grantors, constitutional provisions and enabling legislation that limit the governing board's ability to use those net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2020	2019
Assets		
Current and other assets	$ 169,467,120	$ 160,951,821
Capital assets	440,733,344	435,307,741
Total assets	610,200,464	596,259,562
Deferred outflows of resources	76,613,592	87,504,911
Liabilities		
Current liabilities	23,906,764	21,844,703
Long-term liabilities	664,131,169	692,890,919
Total liabilities	688,037,933	714,735,622
Deferred inflows of resources	26,955,351	10,892,059
Net Position		
Net investment in capital assets	212,017,181	213,778,859
Restricted	43,405,799	35,804,589
Unrestricted	(283,602,208)	(269,601,953)
Total net position	$ (28,179,228)	$ (20,018,505)

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 13. 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	$ 2,187,406	$ 1,348,541
Operating grants and contributions	66,720,174	72,150,829
Capital grants and contributions	839,349	4,728
General revenues		
Federal and State aid not restricted	171,233,544	176,491,873
Property taxes	57,696,269	54,001,794
Other general revenues	4,065,099	2,024,173
Total revenues	302,741,841	306,021,938
Expenses		
Instruction-related	220,094,240	222,086,090
Pupil services	40,622,393	43,761,933
Administration	12,820,570	14,568,000
Plant services	21,201,176	21,574,636
Other	16,164,185	15,724,177
Total expenses	310,902,564	317,714,836
Change in net position	$ (8,160,723)	$ (11,692,898)

Governmental Activities

As reported in the Statement of Activities on page 13, the cost of all of our governmental activities this year was $310,902,564. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $57,696,269 because the cost was paid by those who benefited from the programs ($2,187,406) or by other governments and organizations who subsidized certain programs with grants and contributions ($66,720,174) We paid for the remaining "public benefit" portion of our governmental activities with $171,233,544 in Federal and State unrestricted funds and with other revenues, such as interest and general entitlements $4,465,099.

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 functions. 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	$ 220,094,240	$ 222,086,090	$ 172,964,360	$ 173,249,670
Pupil services	40,622,393	43,761,933	22,704,541	24,627,004
Administration	12,820,570	14,568,000	11,148,415	12,226,276
Plant services	21,201,176	21,574,636	20,989,398	20,887,708
All other services	16,164,185	15,724,177	13,348,921	13,220,080
Total	$ 310,902,564	$ 317,714,836	$ 241,155,635	$ 244,210,738

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $146,620,146, which is an increase of $5,428,537 from last year.

Table 4

	Balances and Activity			
Governmental Fund	June 30, 2019	Revenues	Expenditures	June 30, 2020
General	$ 22,806,792	$ 253,391,837	$ 244,289,677	$ 31,908,952
Adult Education	969,525	2,926,555	2,754,260	1,141,820
Child Development	11,176	4,601,840	4,559,337	53,679
Cafeteria	1,475,756	14,864,432	14,604,389	1,735,799
Deferred Maintenance	253,608	402,414	115,764	540,258
Building	78,032,399	1,345,871	14,189,460	65,188,810
Capital Facilities	8,561,552	3,724,106	82,168	12,203,490
County School Facilities	206,286	839,349	17,093	1,028,542
Special Reserve Fund for Capital Outlay Projects	8,755,221	5,106,393	3,350,582	10,511,032
Capital Project Component Unit	348,972	39,034	2,630	385,376
Bond Interest and Redemption	19,770,322	62,127,865	59,975,799	21,922,388
Total	$ 141,191,609	$ 349,369,696	$ 343,941,159	$ 146,620,146

The primary reasons for these increases/decreases are:

The decrease of $9.1 million in the General Fund was a result of the various cost saving measures taken by the District to improve the District's overall financial health. The increase of $260 thousand in Cafeteria Funds was directly the result of cot saving measures taken by the District to address the program's structural deficit. The decrease of $12.8 million in the Building Fund resulted from continued construction costs incurred related to the new Palm View Elementary.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget to deal with changes brought about by anticipated increases or decreases in revenues and expenditures. The final revision to the 2019-2020 Budget, Estimated Actuals, was adopted on June 27, 2019.

Significant revenue revisions made to the 2019-2020 budget were due to changes in various categorical programs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the District had $440,733,344 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 $5,425,603, or 1.25 percent, from last year (Table 5).

Table 5

	Governmental Activities	
	2020	2019
Land and construction in progress	$ 139,084,858	$ 124,606,189
Buildings and improvements	291,634,209	301,884,824
Equipment	10,014,277	8,816,728
Total	$ 440,733,344	$ 435,307,741

Financing for these capital projects came from general liabilities bonds. State construction match funding certificates of participation, redevelopment revenues, and General Funds.

Long-Term Liabilities

At the end of this year, the District had $664,131,169 in long-term liabilities outstanding versus $671,046,216 last year, a decrease of $6,915,047 or 1.03 percent. These long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2020	2019
Long-Term Liabilities		
General obligation bonds	$ 279,222,355	$ 277,313,906
Unamortized premiums	10,778,846	12,383,963
Certificates of participation	20,665,000	21,270,000
Unamortized premiums	636,709	679,153
Capital leases	8,365,368	6,561,156
Lease financing	15,505,000	16,400,000
Compensated absences	3,096,057	2,824,455
Net OPEB liability	71,499,005	68,110,599
Aggregate net pension liability	254,362,829	265,502,984
Total	$ 664,131,169	$ 671,046,216

The District's general obligation current bond rating is "A2". The State limits the amount of general obligation debt that Districts can issue to 2.5 percent of the assessed value of all taxable property within the District's boundaries.

Other obligations include compensated absences payable and other long-term obligations. We present more detailed information regarding our long-term obligations in Note 8 of the financial statements.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Please direct questions about this report, or requests for additional financial information to Assistant Superintendent-Business Services at Coachella Valley Unified School District, 87-225 Church Street, P.O. Box 847, Thermal, California, 92274.

	Governmental Activities
Assets	
Deposits and investments	$ 144,155,189
Receivables	24,645,164
Prepaid items	5,450
Stores inventories	661,317
Capital assets not depreciated	139,084,858
Capital assets, net of accumulated depreciation	301,648,486
Total assets	610,200,464
Deferred Outflows of Resources	
Deferred charge on refunding	5,981,738
Deferred outflows of resources related to other postemployment benefits (OPEB) liability	3,786,231
Deferred outflows of resources related to pensions	66,845,623
Total deferred outflows of resources	76,613,592
Liabilities	
Accounts payable	15,882,532
Interest payable	4,523,474
Unearned revenue	3,126,032
Claims liabilities	374,726
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	12,828,051
Long-term liabilities other than OPEB and pensions due in more than one year	325,441,284
Other postemployment benefits liabilities	71,499,005
Aggregate net pension liabilities	254,362,829
Total liabilities	688,037,933
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	$ 4,644,945
Deferred inflows of resources related to pensions	22,310,406
Total deferred inflows of resources	26,955,351
Net Position	
Net investment in capital assets	212,017,181
Restricted for	
Debt service	17,398,914
Capital projects	13,232,032
Educational programs	7,156,366
Other restrictions-food services	5,618,487
Unrestricted	(283,602,208)
Total net position	$ (28,179,228)

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 Change in Net Position: Governmental Activities
Governmental Activities					
Instruction	$ 194,175,534	$ 54,642	$ 39,901,000	$ 839,349	$ (153,380,543)
Instruction-related activities					
Supervision of instruction	5,733,116	487	3,120,185	-	(2,612,444)
Instructional library, media, and technology	5,359	-	-	-	(5,359)
School site administration	20,180,231	124	3,214,093	-	(16,966,014)
Pupil services					
Home-to-school transportation	12,541,073	-	-	-	(12,541,073)
Food services	14,544,907	321,171	14,713,463	-	489,727
All other pupil services	13,536,413	-	2,883,218	-	(10,653,195)
Administration					
Data processing	3,393,117	-	93,818	-	(3,299,299)
All other administration	9,427,453	13,649	1,564,688	-	(7,849,116)
Plant services	21,201,176	9,917	201,861	-	(20,989,398)
Community services	2,368	-	-	-	(2,368)
Interest on long-term liabilities	14,558,090	-	1,027,848	-	(13,530,242)
Other outgo	1,603,727	1,787,416	-	-	183,689
Total governmental activities	$ 310,902,564	$ 2,187,406	$ 66,720,174	$ 839,349	(241,155,635)
General Revenues and Subventions					
Property taxes, levied for general purposes					35,791,208
Property taxes, levied for debt service					16,937,270
Taxes levied for other specific purposes					4,967,791
Federal and State aid not restricted to specific purposes					171,233,544
Interest and investment earnings					657,940
Special and extraordinary					5,893
Miscellaneous					3,401,266
Subtotal, general revenues					232,994,912
Change in Net Position					(8,160,723)
Net Position - Beginning					(20,018,505)
Net Position - Ending					$ (28,179,228)

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	$ 23,989,537	$ 68,226,309	$ 21,922,388	$ 26,001,313	$ 140,139,547
Receivables	20,963,936	173,826	-	3,498,421	24,636,183
Due from other funds	1,978,507	-	-	404,976	2,383,483
Prepaid expenditures	5,450	-	-	-	5,450
Stores inventories	23,054	-	-	638,263	661,317
Total assets	$ 46,960,484	$ 68,400,135	$ 21,922,388	$ 30,542,973	$ 167,825,980
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 11,658,407	$ 3,211,325	$ -	$ 820,398	$ 15,690,130
Due to other funds	411,165	-	-	1,978,507	2,389,672
Unearned revenue	2,981,960	-	-	144,072	3,126,032
Total liabilities	15,051,532	3,211,325	-	2,942,977	21,205,834
Fund Balances					
Nonspendable	78,504	-	-	640,289	718,793
Restricted	7,156,366	65,188,810	21,922,388	15,772,211	110,039,775
Assigned	-	-	-	11,187,496	11,187,496
Unassigned	24,674,082	-	-	-	24,674,082
Total fund balances	31,908,952	65,188,810	21,922,388	27,599,996	146,620,146
Total liabilities and fund balances	$ 46,960,484	$ 68,400,135	$ 21,922,388	$ 30,542,973	$ 167,825,980

Total Fund Balance - Governmental Funds		$ 146,620,146
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	$ 628,184,003	
Accumulated depreciation is	(187,450,659)	
Net capital assets		440,733,344
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.		(4,523,474)
An internal service fund is used by management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.		3,463,684
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Debt refundings	5,981,738	
Other postemployment benefits	3,786,231	
Net pension obligation	66,845,623	
Total deferred outflows of resources		76,613,592
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Other postemployment benefits	(4,644,945)	
Net pension obligation	(22,310,406)	
Total deferred inflows of resources		(26,955,351)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(254,362,829)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(71,499,005)

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	$ (244,321,164)	
Unamortized premium on general obligation bonds	(10,778,846)	
Certificates of participation	(20,665,000)	
Unamortized premium on certificates of participation	(636,709)	
Capital leases payable	(8,365,368)	
2011 Lease refunding	(8,565,000)	
2013 Lease refunding	(6,940,000)	
Compensated absences (vacations)	(3,096,057)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	(34,901,191)	
Total long-term liabilities		(338,269,335)
Total net position - governmental activities		$ (28,179,228)

Coachella Valley Unified School District

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

Year Ended June 30, 2020

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula	$ 202,616,364	$ -	$ -	$ -	$ 202,616,364
Federal sources	17,782,909	-	-	17,106,787	34,889,696
Other State sources	22,717,772	-	70,473	5,665,405	28,453,650
Other local sources	8,056,023	1,345,871	17,157,392	9,331,931	35,891,217
Total revenues	251,173,068	1,345,871	17,227,865	32,104,123	301,850,927
Expenditures					
Current					
Instruction	161,466,348	-	-	5,803,134	167,269,482
Instruction-related activities					
Supervision of instruction	4,893,067	-	-	412,651	5,305,718
Instructional library, media, and technology	5,359	-	-	-	5,359
School site administration	17,487,376	-	-	623,355	18,110,731
Pupil services					
Home-to-school transportation	11,847,266	-	-	-	11,847,266
Food services	545	-	-	14,057,106	14,057,651
All other pupil services	12,340,063	-	-	249,864	12,589,927
Administration					
Data processing	3,228,669	-	-	-	3,228,669
All other administration	8,298,638	-	-	668,774	8,967,412
Plant services	20,316,119	62,499	-	103,102	20,481,720
Community services	2,291	-	-	-	2,291
Other outgo	1,145,435	-	380,662	77,630	1,603,727
Facility acquisition and construction	2,210,147	14,126,961	-	371,237	16,708,345
Debt service					
Principal	414,557	-	7,070,000	1,500,000	8,984,557
Interest and other	233,797	-	8,011,692	1,619,370	9,864,859
Total expenditures	243,889,677	14,189,460	15,462,354	25,486,223	299,027,714
Excess (Deficiency) of Revenues Over Expenditures	7,283,391	(12,843,589)	1,765,511	6,617,900	2,823,213
Other Financing Sources (Uses)					
Transfers in	-	-	-	400,000	400,000
Other sources - proceeds from issuance of general obligation bonds	-	-	44,900,000	-	44,900,000
Other sources - proceeds from capital lease	2,218,769	-	-	-	2,218,769
Transfers out	(400,000)	-	-	-	(400,000)
Other uses - refunded general obligation bonds escrow agent	-	-	(44,513,445)	-	(44,513,445)
Net Financing Sources (Uses)	1,818,769	-	386,555	400,000	2,605,324
Net Change in Fund Balances	9,102,160	(12,843,589)	2,152,066	7,017,900	5,428,537
Fund Balance - Beginning	22,806,792	78,032,399	19,770,322	20,582,096	141,191,609
Fund Balance - Ending	$ 31,908,952	$ 65,188,810	$ 21,922,388	$ 27,599,996	$ 146,620,146

Total Net Change in Fund Balances - Governmental Funds		$ 5,428,537
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 depreciation exceeds capital outlays in the period.		
Depreciation expense	$ (12,136,431)	
Capital outlays	17,562,034	
Net expense adjustment		5,425,603
Some of the capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the capital leases are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.		(2,218,769)
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.		(271,602)
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.		(16,649,142)
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.		(5,159,218)
Proceeds received from issuance of general obligation 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.		$ (44,900,000)

Governmental funds report the effect of premiums, discounts, and the deferred amount on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.	
Deferred amount on refunding recognized	3,080,719
Premium amortization	1,647,561
Deferred amount on refunding amortization	(475,221)
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	47,600,000
Certificates of participation	605,000
Lease refunding	895,000
Capital leases	414,557
Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.	(4,962,845)
An internal service fund is used by management to charge the costs of the self insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.	1,379,097
Change in net position of governmental activities	$ (8,160,723)

	Governmental Activities - Internal Service Fund
Assets	
Current assets	
Deposits and investments	$ 4,015,642
Receivables	8,981
Due from other funds	6,189
Total current assets	4,030,812
Liabilities	
Current liabilities	
Accounts payable	192,402
Claims liabilities	374,726
Total current liabilities	567,128
Net Position	
Restricted	3,463,684
Total net position	$ 3,463,684

	Governmental Activities - Internal Service Fund
Operating Revenues	
Charges for services	$ 5,639,411
Operating Expenses	
Payroll costs	173,308
Other operating cost	4,126,416
Total operating expenses	4,299,724
Operating Income	1,339,687
Nonoperating Revenues	
Interest income	39,410
Change in Net Position	1,379,097
Total Net Position - Beginning	2,084,587
Total Net Position - Ending	$ 3,463,684

	Governmental Activities - Internal Service Fund
Operating Activities	
Cash received from assessments made to other funds	$ 6,738,571
Cash payments to other suppliers of goods or services	(4,247,590)
Cash payments to employees for services	(173,308)
Net Cash From Operating Activities	2,317,673
Investing Activities	
Interest on investments	39,410
Net Change in Cash and Cash Equivalents	2,357,083
Cash and Cash Equivalents, Beginning	1,658,559
Cash and Cash Equivalents, Ending	$ 4,015,642
Reconciliation of Operating Income to Net Cash From Operating Activities	
Operating income	$ 1,339,687
Adjustments to reconcile operating income to net cash from operating activities	
Changes in assets and liabilities	
Receivables	1,125
Due from other fund	1,098,037
Accounts payable	(63,960)
Due to other fund	(2)
Claims liability	(57,214)
Net Cash From Operating Activities	$ 2,317,673

	Warrant Pass-Through Fund	Associated Student Body	Total Agency Funds
Assets			
Deposits and investments	$ 40,743	$ 856,184	$ 896,927
Total assets	$ 40,743	$ 856,184	$ 896,927
Liabilities			
Accounts payable	40,743	$ -	$ 40,743
Due to student groups	-	856,184	856,184
Total liabilities	$ 40,743	$ 856,184	$ 896,927

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Coachella Valley Unified School District (the District) was organized on July 1, 1973, under the laws of the State of California. The District operates under a locally elected seven-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates fourteen K-6 schools, three 7-8 schools, one 7-12 high school, two four-year high schools, one continuation high school, an adult education extension program, eleven Head Start classrooms, one Early Head Start classroom, four State preschool classrooms, and eight childcare centers. There were no boundary changes during the year.

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 Coachella Valley Unified School District, this includes general operations, food service, 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 their purpose is to acquire real property to be used for the benefit of the District.

The District has financial and operational relationships with the Coachella Valley Unified School District Property Acquisition Corporation (PAC) which meet the reporting entity definition criteria of GASB Statement No. 14, The Financial Reporting Entity, as component units of the District. Accordingly, the financial activities of the PAC have been included in the Capital Project Fund for Blended Component Units of the District's financial statements.

Other Related Entities

Charter School The District has approved a charter for the NOVA Academy Charter School pursuant to *Education Code* Section 47605. The NOVA Academy Charter School is operated by a separate governing board and is not considered a component unit of the District. The District receives revenue on behalf of the NOVA Academy Charter School which it passes on to the Charter. The NOVA Academy Charter School receives Federal and State funds for specific purposes that is subject to review and audit by grantor agencies.

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 three broad fund categories: governmental, proprietary, 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.

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.

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

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

- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.

- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

- **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* Sections 38091 and 38100).

- **Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

Capital Project Funds The Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

- **Capital Facilities Fund** 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 lA), 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 and redevelopment agency funds for the City of La Quinta, Riverside County, and the City of Coachella monies for capital outlay purposes (*Education Code* Section 42840). In addition, the capital project and debt service activity for the 2003 Certificates of Participation (School Financing Project and East Coachella School Facilities Project) and the 2006 and 2006B Certificates of Participation is accounted for in the Special Reserve Fund for Capital Outlay Projects.

- **Capital Project Fund for Blended Component Units** The Capital Project Fund for Blended Component Units is used to account for the acquisition of real property financed by the Coachella Valley Unified School District Property Acquisition Corporation which is considered a blended component unit of the LEA under Generally Accepted Accounting Principles.

Proprietary Funds Proprietary Fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The District applies all GASB pronouncements, as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Proprietary funds are classified as enterprise or internal service. The District has the following proprietary funds:

- **Internal Service Fund** Internal Service Funds may be used to account for any activity for which services are provided to other funds of the District on a cost-reimbursement basis. The District operates a dental and vision program that is accounted for in an internal service fund.

Fiduciary Funds Fiduciary Funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

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 student body activities (ASB).

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide 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 statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and 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 and proprietary 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. The internal service fund is presented in a single column on the face of the proprietary fund statements.

- **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 Balances 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 statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide 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 whichthe fund liability is incurred, if measurable.

- **Proprietary Funds** Proprietary Funds are accounted for using a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The Statement of Cash Flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

- **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 obligations, 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.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

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 cost, on the weighted average basis. The costs of inventory items are recorded as expenditures in the governmental type funds and expenses in the proprietary 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. Interest incurred during the construction of capital assets utilized by the enterprise fund is also capitalized.

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.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for the capital assets of governmental funds.

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/infrastructure, 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 governmental and business-type activities columns of 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, credit for unused sick leave is applicable to all classified school members 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 obligations are reported as liabilities in the applicable governmental activities, or proprietary fund statement of net position. Debt premiums and discounts, as well as issuance costs, related to prepaid insurance costs 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 pension and OPEB contributions subsequent to measurement date, 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 for both pensions and OPEB.

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 differences between expected and actual experience, change in proportion and differences between contributions made and District's proportionate share of contributions, differences between projected and actual earnings on pension plan investments, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions for OPEB.

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 does not have any committed fund balances.

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 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 of 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 net position, restricted by enabling legislation of $43,405,799.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are food sales. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Interfund Activity

Transfers between governmental in the government-wide financial statements are reported in the same manner as general revenues.

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 and after non-operating revenues/expenses in proprietary 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 and business-type activities columns of the statement of activities, except for the net residual amounts transferred between governmental and business-type 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 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Riverside 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	$ 144,155,189
Fiduciary funds	896,927
Total deposits and investments	$ 145,052,116

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

Cash on hand and in banks	$ 1,281,113
Cash in revolving	52,025
Cash collection awaiting deposit	101,760
Investments	143,617,218
Total deposits and investments	$ 145,052,116

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 Riverside County Treasury Investment Pool and purchasing a combination of shorter term and longer-term investments and by 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 and liquidity needed for operations.

Specific Identification

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

Investment Type	Reported Amount	Maturity Date
Riverside County Treasury Investment Pool	$ 143,617,218	409

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. While the District's investment in the Riverside County Treasury Investment Pool is not required to be rated, as of year-end it reflected an Aaa rating by Moody's Investors Service.

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 balance of $864,110 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 3 - 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	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total
Federal Government					
Categorical aid	$ 4,629,041	$ -	$ 2,634,278	$ -	$ 7,263,319
State Government					
LCFF apportionment	13,368,090	-	-	-	13,368,090
Categorical aid	330,453	-	383,611	-	714,064
Lottery	845,422	-	-	-	845,422
Special education	799,922	-	-	-	799,922
Local Government				-	
Interest	91,013	173,826	55,918	8,981	329,738
Other local sources	899,995	-	424,614	-	1,324,609
Total	$ 20,963,936	$ 173,826	$ 3,498,421	$ 8,981	$ 24,645,164

Note 4 - 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	$ 35,587,508	$ -	$ -	$ 35,587,508
Construction in progress	89,018,681	14,478,669	-	103,497,350
Total capital assets not being depreciated	124,606,189	14,478,669	-	139,084,858
Capital assets being depreciated				
Land improvements	57,226,341	237,405	-	57,463,746
Buildings and improvements	381,745,757	21,403	-	381,767,160
Furniture and equipment	47,043,682	2,824,557	-	49,868,239
Total capital assets being depreciated	486,015,780	3,083,365	-	489,099,145
Total capital assets	610,621,969	17,562,034	-	628,184,003
Accumulated depreciation				
Land improvements	(20,221,525)	(2,608,683)	-	(22,830,208)
Buildings and improvements	(116,865,749)	(7,900,740)	-	(124,766,489)
Furniture and equipment	(38,226,954)	(1,627,008)	-	(39,853,962)
Total accumulated depreciation	(175,314,228)	(12,136,431)	-	(187,450,659)
Governmental activities capital assets, net	$ 435,307,741	$ 5,425,603	$ -	$ 440,733,344

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Instruction	$ 10,922,788
Home-to-school transportation	364,093
All other administration	485,457
Plant services	364,093
Total depreciation expenses governmental activities	$ 12,136,431

Note 5 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2020, between major funds, non-major governmental funds and internal service funds are as follows:

	Due From		
Due To	General Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ 1,978,507	$ 1,978,507
Non-Major Governmental Funds	404,976	-	404,976
Proprietary Funds	6,189	-	6,189
Total	$ 411,165	$ 1,978,507	$ 2,389,672

The balance of $534,699 is due to the General Fund From the Cafeteria Non-Major Governmental Fund for the reimbursement of payroll and indirect costs.

A balance of $500,000 is due to the General Fund from the Cafeteria Non-Major Governmental Fund resulted from a temporary loan.

The balance of $867,339 is due to the General Fund from the Child Development Non-Major Fund for the reimbursement of operating costs and indirect costs.

A balance of $400,000 is due to the Deferred Maintenance Non-Major Governmental Fund from the General Fund for restricted routine maintenance costs.

The balance of $76,469 is due to the General Fund from the Adult Education Non-Major Governmental Fund for the reimbursement of operating costs and indirect costs.

A balance of $6,189 is due to the Internal Service Fund from the General fund for correction of payroll.

Remaining balances resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Operating Transfers

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

The General Fund transferred to the Defered maintenance Non-Major Governemtal Fund for deferred maintenance projects.	$ 400,000

Note 6 - Accounts Payable

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

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total
State LCFF apportionment	$ 6,946,294	$ -	$ 182,645	$ -	$ 7,128,939
Salaries and benefits	878,379	-	473,716	-	1,352,095
Supplies	274,538		94,908		369,446
Services	3,101,373	150,130	69,129	192,402	3,513,034
Capital Outlay	16,729	3,061,195	-	-	3,077,924
Other	441,094	-	-	-	441,094
Total	$ 11,658,407	$ 3,211,325	$ 820,398	$ 192,402	$ 15,882,532

Note 7 - Unearned Revenue

Unearned revenue at June 30, 2020, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	$ 2,191,492	$ -	$ 2,191,492
State categorical aid	790,468	144,072	934,540
Total	$ 2,981,960	$ 144,072	$ 3,126,032

Note 8 - 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	$277,313,906	$ 49,508,449	$(47,600,000)	$ 279,222,355	$ 10,735,000
Unamortized debt premiums	12,383,963	-	(1,605,117)	10,778,846	-
Certificates of participation	21,270,000	-	(605,000)	20,665,000	680,000
Unamortized debt premiums	679,153	-	(42,444)	636,709	-
Capital leases	6,561,156	2,218,769	(414,557)	8,365,368	428,051
2011 lease refinancing	9,160,000	-	(595,000)	8,565,000	625,000
2013 lease refinancing	7,240,000	-	(300,000)	6,940,000	360,000
Compensated absences	2,824,455	271,602	-	3,096,057	-
Total	$337,432,633	$ 51,998,820	$(51,162,118)	$ 338,269,335	$ 12,828,051

Payments on the General Obligation Bonds are made by the Bond Interest and Redemption Fund with local revenues. Payments for the Certificates of Participation and the 2012 and 2013 Lease Refinancing are made by the Special Reserve Fund for Capital Outlay Projects. Payments for capital leases will be paid by the General Fund. The compensated absences will be paid by the General Fund and the Cafeteria Fund.

General Obligations 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	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2020
8/1/1998	8/1/2023	3.70-5.28%	$ 9,999,278	$ 8,442,340	$ -	$ 403,226	$ (1,555,000)	$ 7,290,566
8/19/2005	8/1/2030	3.00-5.09%	49,998,180	1,683,014	-	86,756	-	1,769,770
5/12/2010	8/1/2043	6.82-10.51%	24,990,463	45,280,921	-	3,232,967	-	48,513,888
5/12/2010	8/1/2022	2.75-4.50%	6,560,000	2,430,000	-	-	(1,790,000)	640,000
7/12/2012	8/1/2043	3.00-5.97%	54,999,882	58,267,631	-	885,500	(39,890,000)	19,263,131
4/25/2013	8/1/2028	0.91-3.55%	20,255,000	12,570,000	-	-	(815,000)	11,755,000
1/23/2014	8/1/2028	1.50-5.00%	38,145,000	30,770,000	-	-	(2,530,000)	28,240,000
7/14/2014	8/1/2030	2.00-5.00%	17,455,000	16,540,000	-	-	(720,000)	15,820,000
9/15/2015	8/1/2023	2.89-5.377%	5,865,000	5,865,000	-	-	-	5,865,000
9/15/2015	8/1/2031	1.50-5.25%	11,550,000	11,405,000	-	-	-	11,405,000
6/2/2016	8/1/2045	2.00-4.00%	39,680,000	35,380,000	-	-	-	35,380,000
10/25/2016	8/1/2046	3.00-5.00%	50,330,000	48,680,000	-	-	(300,000)	48,380,000
10/3/2019	8/1/2037	1.79-3.24%	44,900,000	-	44,900,000	-	-	44,900,000
				$ 277,313,906	$ 44,900,000	$ 4,608,449	$ (47,600,000)	$ 279,222,355

1997 General Obligation Bonds, Series B

On August 1, 1998, the District issued the 1997 Series B current and capital appreciation General Obligation Bonds in the amount of $9,999,278 (accreting to $22,525,000) to fund school construction. The bonds have a final maturity to occur on August 1, 2023, with interest yields varying from 3.70 to 5.28 percent. At June 30, 2020, the principal outstanding was $7,290,566.

2005 General Obligation Bonds, Series A

On August 19, 2005, the District issued the 2005 Series A current and capital appreciation General Obligation Bonds in the amount of $49,998,180 (accreting to $52,140,000) to finance the construction, renovation and repair of District facilities. The bonds have a final maturity to occur on August 1, 2030, with interest yields varying from 3.00 to 5.09 percent. The District issued the 2014 General Obligation Refunding Bonds in the amount of $38,145,000. The net proceeds from the Refunding Bonds were used to advance refund, a portion of the District's outstanding 2005 General Obligation Bonds, Series A. The District also issued the 2014 Refunding General Obligation Bonds, Series B in the amount of $17,455,000. The net proceeds from the sale of the bonds were used to provide advance refunding a portion of the District's 2005 General Obligation Bonds, Series A and Series B in the amount of $5,200,000 and $11,850,000, respectively. As the advance refunding met the requirements of an in-substance defeasance, the associated assets and liability were removed from the District's financial statements. At June 30, 2020, the principal balance outstanding was $1,769,770.

2005 General Obligation Bonds, Series C

On May 12, 2010, the District issued the 2005 Series C General Obligation Bonds in the amount of $24,990,463 to finance the construction, renovation, and repair of District facilities, to finance a portion of the interest due on the Bonds and to pay issuance costs. The bonds issued were capital appreciation bonds accreting to a maturing principal balance of $143,307,445. The bonds have a final maturity to occur on August 1, 2043, with interest yields varying from 6.82 to 10.51 percent. At June 30, 2020, the principal balance outstanding was $48,513,888. Unamortized premium received on issuance of the bonds amounted to $1,037,232.

2010 General Obligation Refunding Bonds

On May 12, 2010, the District issued the 2010 General Obligation Refunding Bonds in the amount of $6,560,000. The bonds were issued to advance refund $6,420,000 of the outstanding 1997 General Obligation Bonds, Series A. The bonds associated with the issuance were placed in an escrow account with U.S. Bank for the future redemption of Series A bonds to occur on August 1, 2010. The difference between the cash flows of the refunded debt and the new issuance was $524,952. The economic gain (the difference between the present value of the refunded debt and new issuance) resulting from the refunding was $410,889. The bonds have a final maturity to occur on August 1, 2022, with interest yields varying from 2.74 to 4.50 percent. At June 30, 2020, the principal balance outstanding was $640,000.

2005 General Obligation Bonds, Series D

On July 12, 2012, the District issued the 2005 Series D General Obligation Bonds in the amount of $54,999,882. The Series D Bonds represent the fourth series of the authorized bonds to be issued under the authorization as approved by voters. The bonds were issued as current interest bonds and capital appreciation bonds with the value of the capital appreciation bonds accreting $51,500,000 and maturing to an aggregate principal debt service balance of $96,400,000. The bonds mature August 1, 2043, with interest yields of 3.00 to 5.97 percent. Proceeds from the bonds are used to finance the construction, renovation, and repair of District facilities, to finance a portion of the interest due on the Bonds and to pay issuance costs. At June 30, 2020, the principal balance outstanding was $19,263,131. Unamortized premium received on issuance of the bonds amounted to $1,137,064.

2012 General Obligation Bonds, Series A

On April 25, 2013, the District issued the 2012 Series A General Obligation Bonds in the amount of $20,255,000 to finance the purchase of technology equipment and the construction, renovation, and repair of District facilities and infrastructure projects, and to pay issuance costs. The bonds have a final maturity to occur on August 1, 2028, with interest yields varying from 0.91 to 3.55 percent. At June 30, 2020, the principal balance outstanding was $11,755,000.

2014 General Obligation Refunding Bonds

On January 23, 2014, the District issued the 2014 General Obligation Refunding Bonds in the amount of $38,145,000. The bonds have a final maturity to occur on August 1, 2028, with interest rates from 1.50 to 5.00 percent. The net proceeds of $40,843,187 (representing the principal amount of $38,145,000, plus premium on issuance of $2,698,187) from the issuance were used to advance refund the District's outstanding 2005 General Obligation Bonds, Series A and to pay the costs of issuance associated with the refunding bonds, with the prepayment to occur on August 1, 2015. Amounts paid to the refunded bond escrow agent in excess of outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized to interest expense over the life of the liability. The refunding resulted in a cumulative cash flow saving of $2,699,088 over the life of the new debt and an economic gain of $2,001,426 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 3.294 percent. At June 30, 2020, the principal balance outstanding was $28,240,000. Unamortized premium received on issuance of the bonds amounted to $1,349,094.

2014 Refunding General Obligation Bonds, Series B

On July 17, 2014, the Coachella Valley Unified School District issued 2014 Refunding General Obligation Bonds, Series B in the amount of $17,455,000. The refunding bonds were issued as current interest bonds. The bonds were issued at an aggregate price of $18,727,640 (representing the principal amount of $17,455,000 and premium of $1,519,631, less cost of issuance of $246,992). The bonds have a final maturity which occurs on August 1, 2030, with interest rates of 2.0 to 5.0 percent. Proceeds from the sale of the bonds were used to provide advance refunding a portion of the District's 2005 General Obligation Bonds, Series A and Series B in the amount of $5,200,000 and $11,850,000, respectively. The refunding resulted in a cumulative cash flow saving of $1,251,775 over the life of the new debt and an economic gain of $944,716 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 3.13 percent. As of June 30, 2020, the principal balance outstanding was $15,820,000. Unamortized premium on issuance and deferred amount on refunding were $911,779 and $1,058,804, respectively.

2012 General Obligation Bonds, Series B

On September 15, 2015, the Coachella Valley Unified School District issued 2012 General Obligation Bonds, Series B in the amount of $5,865,000. The bonds were issued as current interest bonds. The bonds were issued at an aggregate price of $5,652,599 (representing the principal amount of $5,865,000, less cost of issuance of $212,401). The bonds have a final maturity which occurs on August 1, 2023 with interest rates of 2.89 to 5.377 percent. Proceeds from the sale of the bonds are used to finance the construction, renovation, and repair of District facilities and infrastructure projects, and to pay issuance costs. As of June 30, 2020, the principal balance outstanding was $5,865,000.

2015 General Obligation Refunding Bonds

On September 15, 2015, the Coachella Valley Unified School District issued 2015 General Obligation Refunding Bonds in the amount of $11,550,000. The refunding bonds were issued as current interest bonds. The bonds were issued at an aggregate price of $11,960,871 (representing the principal amount of $11,550,000 and premium of $506,728, less cost of issuance of $149,857). The bonds have a final maturity which occurs on August 1, 2031 with interest rates of 1.50 to 5.25 percent. Proceeds from the sale of the bonds were used to provide advance refunding of the District's 2005 General Obligation Bonds, Series B in the amount $11,000,000. The refunding resulted in a cumulative cash flow saving of $839,335 over the life of the new debt and an economic gain of $671,335 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 3.44 percent. As of June 30, 2020, the principal balance outstanding was $11,405,000. Unamortized premium on issuance and deferred amount on refunding were $360,468 and $617,703, respectively.

2005 General Obligation Bonds, Series 2016-E

On June 2, 2016, the Coachella Valley Unified School District issued 2005 General Obligation Bonds, Series 2016-E in the amount of $39,680,000. The bonds represent the fifth issuance from the 2005 election of bonds authorized not to exceed $250,000,000. The bonds were issued as current interest bonds. The bonds were issued at an aggregate price of $41,860,952 (representing the principal amount of $39,680,000, plus premium on issuance of $2,780,055, less cost of issuance of $599,103). The bonds have a final maturity which occurs on August 1, 2045 with interest rates of 2.0 to 4.00 percent. Proceeds from the sale of the bonds are used to finance the construction, renovation, and repair of District facilities and infrastructure projects, and to pay issuance costs. As of June 30, 2020, the principal balance outstanding was $35,380,000. Unamortized premium received on issuance of the bonds amounted to $2,316,713.

2005 General Obligation Bonds, Series 2016-F

On October 4, 2016, the Coachella Valley Unified School District issued 2005 General Obligation Bonds, Series 2016-F in the amount of $50,330,000. The bonds represent the sixth issuance from the 2005 election of bonds authorized not to exceed $250,000,000. The bonds were issued as current interest bonds. The bonds were issued at an aggregate price of $53,902,088 (representing the principal amount of $50,330,000, plus premium on issuance of $4,230,572, less cost of issuance of $658,484). The bonds have a final maturity which occurs on August 1, 2046 with interest rates of 3.0 to 5.0 percent. Proceeds from the sale of the bonds are used to finance the construction, renovation, and repair of District facilities and infrastructure projects, and to pay issuance costs. As of June 30, 2020, the principal balance outstanding was $48,380,000 and unamortized premium on issuance was $3,666,496.

General Obligation Refunding, Series 2019

On October 3, 2019, the Coachella Valley Unified School District issued 2019 General Obligation Refunding Bonds in the amount of $44,900,000. The refunding bonds were issued as current interest bonds. The bonds have a final maturity which occurs on August 1, 2037 with interest rates of 1.79 to 3.24 percent. Proceeds from the sale of the bonds were used to provide advance refunding of the District's 2010 General Obligation Refunding Bonds in the amount $1,175,000 and the District's General Obligation Bonds, 2005 Election, Series D in the amount $39,355,000. The refunding resulted in a cumulative cash flow saving of $4,455,366 over the life of the new debt and an economic gain of $6,701,511 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 3.021 percent. As of June 30, 2020, the principal balance outstanding was $44,900,000. Deferred amount on refunding was $2,875,338.

The bonds mature as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest to Maturity	Current Interest to Maturity	Interest to Maturity
2021	$ 9,799,333	$ 35,667	$ 9,493,956	$ 19,328,956
2022	10,173,154	126,846	9,289,158	19,589,158
2023	10,705,978	334,022	8,994,127	20,034,127
2024	11,485,598	694,402	8,717,952	20,897,952
2025	7,855,464	664,536	8,432,290	16,952,290
2026-2030	48,487,258	5,367,742	33,386,236	87,241,236
2031-2035	44,391,597	20,753,403	21,058,888	86,203,888
2036-2040	37,971,819	45,948,181	17,114,522	101,034,522
2041-2045	47,822,154	61,127,846	15,146,366	124,096,366
2046-2047	50,530,000		2,200,000	52,730,000
Total	$ 279,222,355	$ 135,052,645	$ 133,833,495	$ 548,108,495

Certificates of Participation

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Certificates Outstanding July 1, 2019	Issued	Redeemed	Certificates Outstanding June 30, 2020
8/21/2014	9/1/2036	2.00-5.00%	$ 21,915,000	$ 21,270,000	$ -	$ (605,000)	$ 20,665,000

2014 Refunding Certificates of Participation

On September 16, 2014, the District issued 2014 Refunding Certificates of Participation in the amount of $21,915,000. The refunding certificates were issued as current interest certificates. The certificates were issued at an aggregate price of $22,373,491 (representing the principal amount of $21,915,000 and premium of $891,392, less cost of issuance of $432,901). The certificates have a final maturity which occurs on September 1, 2036 with interest rates of 2.0 to 5.0 percent. Proceeds from the sale of the certificates were used to provide advance refunding of the District's 2006B Certificates of Participation in the amount of $22,500,000. The refunding resulted in a cumulative cash flow saving of $3,234,207 over the life of the new debt and an economic gain of $2,116,258 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 3.92 percent. As of June 30, 2020, the principal balance outstanding was $20,665,000. Unamortized premium on issuance and deferred amount on refunding were $636,709 and $1,429,894, respectively.

Year Ending June 30,	Principal	Interest	Total
2021	$ 680,000	$ 853,650	$ 1,533,650
2022	740,000	821,550	1,561,550
2023	840,000	782,050	1,622,050
2024	940,000	742,250	1,682,250
2025	985,000	703,750	1,688,750
2026-2030	4,605,000	2,932,488	7,537,488
2031-2035	8,655,000	1,498,563	10,153,563
2036-2038	3,220,000	171,000	3,391,000
Total	$ 20,665,000	$ 8,505,301	$ 29,170,301

Capital Leases

The District has entered into agreements to lease various facilities. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The District's liability on lease agreements is summarized below:

	Energy Project	Buses	Total
Balance, July 1, 2019	$ 8,430,272	$ -	$ 8,430,272
Additions	-	2,515,360	2,515,360
Payments	(396,819)	(251,536)	(648,355)
Balance, July 1, 2020	$ 8,033,453	$ 2,263,824	$ 10,297,277

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2021	$ 706,253
2022	750,085
2023	782,792
2024	822,744
2025	868,957
2026-2030	4,935,998
2031-2035	1,430,448
Total	10,297,277
Less amount representing interest	(1,931,909)
Present value of minimum lease payments	$ 8,365,368

Financed assets under the financing agreement in capital assets at June 30, 2020 include the following:

Buildings	$ 8,371,008
Equipment	2,218,769
Less accumulated depreciation	(1,674,202)
Total	$ 8,915,575

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2020, amounted to $3,096,057.

2012 Lease Refinancing

On July 5, 2011, the District entered into a lease agreement with Banc of America Public Capital Corporation to advance funds of $12,830,000. The lease refinancing has a final maturity of March 1, 2026, with an interest rate of 5.00 percent. The net proceeds of $12,632,160 from the issuance (issuance of $12,830,000 net of costs incurred on issuance of $197,840) were used to current refund the District's outstanding 2006 Certificates of Participation (2006 School Financing Project), with the prepayment occurring July 7, 2011. Contributions from the 2006 Certificates of Participation reserve fund resulted in additional funds of $1,271,025 placed with an escrow agent to satisfy prepayment of the remaining balance of the 2006 Certificates of Participation. The refinancing resulted in a cumulative cash flow increase of $387,107 over the life of the new debt and an economic loss of $6,312,170 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 5.00 percent. As of June 30, 2020, the principal balance outstanding was $8,565,000.

The lease refinancing repayment schedule is as follows:

Year Ending June 30,	Principal	Interest	Total
2021	$ 625,000	$ 420,500	$ 1,045,500
2022	660,000	388,875	1,048,875
2023	690,000	355,500	1,045,500
2024	725,000	320,500	1,045,500
2025	760,000	283,875	1,043,875
2026-2030	5,105,000	245,375	5,350,375
Total	$ 8,565,000	$ 2,014,625	$ 10,579,625

2013 Lease Refinancing

On September 1, 2013, the District entered into a lease agreement with Public Property Financing Corporation for $9,475,000. The lease refinancing has a final maturity of September 1, 2031, with an interest rate of 4.15 percent. The net proceeds of $12,632,160 from the issuance (issuance of $9,475,000 net of costs incurred on issuance of $100,865) used to current refund the District's outstanding 2003 Certificates of Participation (School Financing Project) and 2003 Certificates of Participation (East Coachella School Financing Project) with the prepayment occurring September 16, 2013. Contributions from the 2003 Certificates of Participation (School Financing Project) and 2003 Certificates of Participation (East Coachella School Financing Project) reserve funds resulted in additional funds of $1,557,684 placed with an escrow agent to satisfy prepayment of the remaining balance of the certificates. As of June 30, 2020, the principal balance outstanding was $6,940,000.

The repayment schedule is as follows:

Year Ending June 30,	Principal	Interest	Total
2021	$ 360,000	$ 280,540	$ 640,540
2022	440,000	263,940	703,940
2023	505,000	244,331	749,331
2024	530,000	222,855	752,855
2025	550,000	200,445	750,445
2026-2030	3,120,000	631,838	3,751,838
2031-2035	1,435,000	60,071	1,495,071
Total	$ 6,940,000	$ 1,904,020	$ 8,844,020

Note 9 - Net other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2020, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Retiree Health Plan	$ 70,291,929	$ 3,786,231	$ 4,644,945	$ 5,268,559
Medicare Premium Payment (MPP) Program	1,207,076	-	-	(109,341)
Total	$ 71,499,005	$ 3,786,231	$ 4,644,945	$ 5,159,218

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

Inactive employees or beneficiaries currently receiving benefits payments	111
Active employees	1,883
Total	1,994

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 Teacher Education Association (TEA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements with the District, TEA, CSEA, and the unrepresented groups. For the measurement period as of June 30, 2019, the District paid $1,522,923 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $70,291,929 was measured as of June 30, 2019, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2019.

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	2.75	percent
Salary increases	2.75	percent, average, including inflation
Discount rate	3.50	percent
Healthcare cost trend rates	4.00	percent for 2019

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actual experience study for the period July 1, 2018 to June 30, 2019.

	Total OPEB Liability
Balance, June 30, 2018	$ 66,794,182
Service cost	5,366,070
Interest	2,611,199
Differences between expected and actual experience	(4,372,252)
Changes of assumptions or other inputs	1,415,653
Benefit payments	(1,522,923)
Net change in total OPEB liability	3,497,747
Balance, June 30, 2019	$ 70,291,929

Changes of assumptions include a change in the discount rate to 3.50 percent from 3.80 percent from the previous valuation.

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 (2.50%)	$ 75,128,900
Current discount rate (3.50%)	70,291,929
1% increase (4.50%)	65,632,154

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 (3.0%)	$ 66,985,028
Current healthcare cost trend rate (4.0%)	70,291,929
1% increase (5.0%)	72,497,228

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources, related to OPEB

For the year ended June 30, 2020, the District recognized OPEB expense of $5,268,559. At June 30, 2020. 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
OPEB contributions subsequent to measurement date	$ 2,466,231	$ -
Differences between expected and actual experience	-	3,198,313
Changes of assumptions	1,320,000	1,446,632
Total	$ 3,786,231	$ 4,644,945

The deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ (242,479)
2022	(242,479)
2023	(242,479)
2024	(242,479)
2025	(1,157,261)
Thereafter	(1,197,768)
Total	$ (3,324,945)

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 $1,207,076 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 0.3241 percent, and 0.3439 percent, resulting in a net decrease in the proportionate share of 0.0198 percent.

For the year ended June 30, 2020, the District recognized OPEB expense of ($109,341).

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 Total 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%)	$ 1,317,196
Current discount rate (3.50%)	1,207,076
1% increase (4.50%)	1,105,827

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 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 (2.7% Part A and 3.1% Part B)	$ 1,131,391
Current Medicare costs trend rate (3.7% Part A and 4.1% Part B)	1,207,076
1% increase (4.7% Part A and 5.1% Part B)	1,358,255

Note 10 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	$ 50,000	$ -	$ -	$ 2,025	$ 52,025
Stores inventories	23,054	-	-	638,264	661,318
Prepaid expenditures	5,450	-	-	-	5,450
Total nonspendable	78,504	-	-	640,289	718,793
Restricted					
Legally restricted programs	7,056,366	-	-	2,154,803	9,211,169
Capital projects	-	65,188,810	-	13,617,408	78,806,218
Debt services	-	-	21,922,388	-	21,922,388
Total restricted	7,156,366	65,188,810	21,922,388	15,772,211	110,039,775
Assigned					
Capital projects	-	-		10,511,032	10,511,032
Deferred maintenance	-				
projects	-	-	-	540,258	540,258
Child development	-	-	-	24,208	24,208
Adult education	-	-	-	111,998	111,998
Total assigned	-	-	-	11,187,496	11,187,496
Unassigned					
Remaining unassigned	24,674,082	-	-	-	24,674,082
Total	$ 31,908,952	$ 65,188,810	$ 21,922,388	$ 27,599,996	$146,620,146

Note 11 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During the fiscal year ending June 30, 2020, the District participated in the Riverside Schools' Insurance Authority (RSIA) public entity risk pool for property and liability insurance coverage. Settled claims have not exceeded the insured coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2020, the District participated in the Riverside Schools Risk Management Authority (RSRMA) public entity risk pool. The intent of RSRMA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in RSRMA. The workers' compensation experience of the participating districts is calculated and applied to a common premium rate. Participation in RSRMA is limited to local educational agencies that can meet RSRMA selection criteria.

Employee Medical Benefits

The District purchases medical insurance from commercial insurance companies. Dental and vision benefits are self-insured by the District and accounted for in a separate internal service fund for self-insurance.

Note 12 - 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	$ 165,486,352	$ 47,680,589	$ 16,515,704	$ 21,607,278
CalPERS	88,876,477	19,165,034	5,794,702	15,222,465
Total	$ 254,362,829	$ 66,845,623	$ 22,310,406	$ 36,829,743

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	
Hire date	On or before December 31, 2012	On or after 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 $16,789,424.

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	$ 165,486,352
State’s proportionate share of the net pension liability	90,283,853
Total	$ 255,770,205

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 0.1832 percent and 0.1916 percent, resulting in a net decrease in the proportionate share of 0.0084 percent.

For the year ended June 30, 2020, the District recognized pension expense of $21,754,257. In addition, the District recognized pension expense and revenue of $13,445,213 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	$ 16,789,424	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	9,542,993	5,477,905
Differences between projected and actual earnings on pension plan investments	-	6,374,585
Differences between expected and actual experience in the measurement of the total pension liability	417,765	4,663,214
Changes of assumptions	20,930,407	-
Total	$ 47,680,589	$ 16,515,704

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	$ (642,986)
2022	(5,060,671)
2023	(1,050,673)
2024	379,745
Total	$ (6,374,585)

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	$ 5,865,044
2022	5,865,046
2023	5,622,516
2024	5,899,279
2025	(1,105,432)
Thereafter	(1,396,407)
Total	$ 20,750,046

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%)	$ 246,422,876
Current discount rate (7.10%)	165,486,352
1% increase (8.10%)	98,374,560

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, 2014. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2020, are summarized as follows:

School Employer Pool (CalPERS)

	School Employer Pool (CalPERS)	
Hire date	On or before December 31, 2012	On or after 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 $8,190,614.

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 $88,876,477. 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 0.3050 percent and 0.3353 percent, resulting in a net decrease in the proportionate share of 0.0303 percent.

For the year ended June 30, 2020, the District recognized pension expense of $15,422,465. At June 30, 2020, the District reported deferred outflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 8,190,614	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	287,623	4,970,356
Differences between projected and actual earnings on pension plan investments	-	824,346
Differences between expected and actual experience in the measurement of the total pension liability	6,456,000	-
Changes of assumptions	4,230,797	-
Total	$ 19,165,034	$ 5,794,702

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	$ 813,721
2022	(1,625,381)
2023	(246,306)
2024	233,620
Total	$ (824,346)

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	$ 5,356,466
2022	1,266,823
2023	(562,930)
2024	(56,295)
Total	$ 6,004,064

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%)	$ 128,109,598
Current discount rate (7.15%)	88,876,477
1% increase (8.15%)	56,329,893

Alternative Retirement Program

The District also contributes to the Accumulation Program for Part-time and Limited Service Employees (APPLE), which is a defined contribution pension plan. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account.

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 APPLE as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 3.75 percent of an employee's gross earnings. An employee is required to contribute 3.75 percent of his or her gross earnings to the pension plan.

During the year, the District's required and actual contributions amounted to $104,677, which was 3.75 percent of its current year covered payroll. Employees required and actual contributions amounted to $104,677, which was 3.75 percent of the covered payroll.

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 $9,430,436 (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.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated an additional 2019–2020contribution on behalf of school employers of $1.1 billion for CalSTRS. A proportionate share of these contributions 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 and Major Special Revenue Fund – Budgetary Comparison Schedule.

Note 13 - 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 not currently a party to any legal proceedings.

Construction Commitments

As of June 30, 2020, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Modernization at various sites		
Palm view renovation and modernization	$ 38,138,183	June 30, 2021
North shore elementary	38,051,926	December 31, 2022
Total	$ 76,190,109	

Note 14 - Participation in Public Entity Risk Pools

The District is a member of the Riverside Schools Insurance Authority (RSIA) and the Riverside Schools Risk Management Authority (RSRMA) public entity risk pools. The District pays an annual premium to each entity for its workers' compensation, and property liability coverage. 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 $1,495,630 and $5,273,319 to RSIA and RSRMA, respectively, for services received.

Note 15 - Subsequent Events

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.

Required Supplementary Information
June 30, 2020

Coachella Valley Unified School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 202,419,794	$ 202,567,476	$ 202,616,364	$ 48,888
Federal sources	22,553,535	23,818,547	17,782,909	(6,035,638)
Other State sources	18,700,163	24,203,401	22,717,772	(1,485,629)
Other local sources	5,810,981	7,697,098	8,056,023	358,925
Total revenues [1]	249,484,473	258,286,522	251,173,068	(7,113,454)
Expenditures				
Current				
Certificated salaries	106,109,089	105,522,924	98,210,822	7,312,102
Classified salaries	38,009,468	37,243,242	37,108,781	134,461
Employee benefits	75,096,366	78,716,592	75,659,351	3,057,241
Books and supplies	8,569,879	11,469,339	8,255,638	3,213,701
Services and operating expenditures	20,198,225	22,568,936	20,733,206	1,835,730
Other outgo	44,131	533,859	476,661	57,198
Capital outlay	132,715	982,438	2,796,864	(1,814,426)
Debt service				
Debt service - principal	168,392	168,392	414,557	(246,165)
Debt service - interest and other	228,427	228,427	233,797	(5,370)
Total expenditures [1]	248,556,692	257,434,149	243,889,677	13,544,472
Excess (Deficiency) of Revenues Over Expenditures	927,781	852,373	7,283,391	6,431,018
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Other sources	-	-	2,218,769	2,218,769
Transfers out	(400,000)	(400,000)	(400,000)	-
Net financing sources (uses)	(400,000)	(400,000)	1,818,769	2,218,769
Net Change in Fund Balances	527,781	452,373	9,102,160	8,649,787
Fund Balance - Beginning	22,806,792	22,806,792	22,806,792	-
Fund Balance - Ending	$ 23,334,573	$ 23,259,165	$ 31,908,952	$ 8,649,787

See Notes to Required Supplementary Information

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 5,366,070	$ 5,508,402	$ 5,360,975
Interest	2,611,199	2,430,464	2,022,425
Difference between expected and actual experience	(4,372,252)	-	-
Changes of assumptions	1,415,653	(1,659,372)	-
Benefit payments	(1,522,923)	(1,381,389)	(1,328,259)
Net change in total OPEB liability	3,497,747	4,898,105	6,055,141
Total OPEB Liability - Beginning	66,794,182	61,896,077	55,840,936
Total OPEB Liability - Ending	$ 70,291,929	$ 66,794,182	$ 61,896,077
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	0.3241%	0.3439%	0.3418%
Proportionate share of the net OPEB liability	$ 1,207,076	$ 1,316,417	$ 1,438,118
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	0.1832%	0.1916%	0.1888%	0.1735%	0.1732%	0.1675%
Proportionate share of the net pension liability	$ 165,486,352	$ 176,102,741	$ 174,614,705	$ 140,359,988	$ 116,584,701	$ 94,892,874
State's proportionate share of the net pension liability	90,283,853	100,824,055	103,300,584	79,904,437	61,660,455	59,111,944
Total	$ 255,770,205	$ 276,926,796	$ 277,915,289	$ 220,264,425	$ 178,245,156	$ 154,004,818
Covered payroll	$ 101,549,134	$ 104,733,520	$ 101,146,741	$ 87,381,314	$ 81,010,529	75,059,672
Proportionate share of the net pension liability as a percentage of its covered payroll	162.96%	168.14%	172.64%	160.63%	143.91%	126.42%
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	0.3050%	0.3353%	0.3337%	0.3303%	0.2932%	0.2690%
Proportionate share of the net pension liability	$ 88,876,477	$ 89,400,243	$ 79,671,576	$ 65,235,966	$ 43,216,585	$ 30,537,951
Covered payroll	$ 42,858,316	$ 44,970,736	$ 42,347,804	$ 39,579,016	$ 32,504,689	28,274,050
Proportionate share of the net pension liability as a percentage of its covered payroll	207.37%	198.80%	188.14%	164.82%	132.95%	108.01%
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	$ 16,789,424	$ 16,532,199	$ 15,113,047	$ 12,724,260	$ 9,376,015	$ 7,193,735
Less contributions in relation to the contractually required contribution	16,789,424	16,532,199	15,113,047	12,724,260	9,376,015	7,193,735
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 98,183,766	$ 101,549,134	$ 104,733,520	$ 101,146,741	$ 87,381,314	$ 81,010,529
Contributions as a percentage of covered payroll	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS						
Contractually required contribution	$ 8,190,614	$ 7,741,069	$ 6,984,405	$ 5,881,263	$ 4,688,926	$ 3,826,127
Less contributions in relation to the contractually required contribution	8,190,614	7,741,069	6,984,405	5,881,263	4,688,926	3,826,127
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 41,532,448	$ 42,858,316	$ 44,970,736	$ 42,347,804	$ 39,579,016	$ 32,504,689
Contributions as a percentage of covered payroll	19.721%	18.0620%	15.5310%	13.8880%	11.8470%	11.7710%

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 State 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.

These schedules present information for the original and final budgets and actual results of operation, as well as the variances from the final budget to actual results of operations.

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.
- *Changes of Assumptions* – The Discount rate changed from 3.80 percent in 2019 to 3.50 percent in 2019.

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 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 Benefit 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 the 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

Coachella Valley Unified School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Indian Education	84.060	N/A	754
Passed Through California Department of Education (CDE)			
Adult Basic Education & ELA	84.002A	14508	144,080
Adult Secondary Education	84.002	13978	331,046
English Literacy & Civics Education	84.002A	14109	70,055
Subtotal			545,181
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	9,435,845
School Improvement Funding for LEAs	84.010	15438	191,258
Subtotal			9,627,103
Title II, Part A, Supporting Effective Instruction	84.367	14341	791,852
Title III, Immigrant Education Program	84.365	15146	23,373
Title III, English Learner Student Program	84.365	14346	656,802
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894	164,445
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	746,955
ESSA: Title IV, Part B, 21st Century Community Learning Centers Program	84.287C	14535	358,458
ESSA: Title IV, Part B, 21st Century Community Learning Centers Program	84.287C	14603	11,561
ESSA: Title IV, Part B, 21st Century Community Learning Centers Program	84.287C	14349	1,087,610
ESSA: Title IV, Part B, 21st Century Community Learning Centers Program	84.287C	14765	50,275
Subtotal			1,507,904
Passed Through California Department of Rehabilitation			
We Can Work Program	84.126A	[1]	14,598
Passed Through Riverside County Office of Education (RCOE)			
Title I, Part C, Migrant Ed (Regular and Summer Program)	84.011	14326	621,627
Title I, Migrant Ed Summer Program	84.011	10005	234,488
Subtotal			856,115
Passed Through Riverside County SELPA			
Special Education (IDEA) Cluster			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	2,786,202
Preschool Grants, Part B, Section 619	84.173	13430	61,768
Mental Health Average Daily Attendance Allocation, Part B, Sec 611	84.027A	15197	15,659
Preschool Staff Development, Part B, Sec 619	84.173A	13431	997
Passed Through California Department of Education			
IDEA Quality Assurance & Focused Monitoring	84.027A	13693	18,686
Total Special Education Cluster			2,883,312
Total U.S. Department of Education			17,818,394
U.S. Department of Health and Human Services			
Passed Through RCOE			
Headstart	93.600	10016	3,131,971
Total U.S. Department of Health and Human Services			3,131,971
U.S. Department of Agriculture			
Passed Throgh CDE			
National School Lunch Program	10.555	13524	7,847,235
Basic School Breakfast Program	10.553	13525	174,947
Especially Needy Breakfast Program	10.553	13526	2,691,036
Commodities	10.555	13524	1,281,348
Total Child Nutrition Cluster			11,994,566
Child and Adult Care Food Program	10.558	13666	1,600,153
Total U.S. Department of Agriculture			13,594,719
Total Expenditures of Federal Awards			$ 34,545,084

ORGANIZATION

The Coachella Valley Unified School District was established in 1973 and consists of an area comprising approximately 1,250 square miles. The District operates fourteen K-6 schools, three 7-8 schools, one 7-12 high school, two four-year high schools, one continuation high school, an adult education extension program, eleven Head Start classrooms, one Early Head Start classroom, four State preschool classrooms, and eight childcare centers. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Silvia Paz	President	2022
Joey Acuna Jr.	Vice President	2022
Blanca T. Hall	Clerk	2020
Yolanda Corona	Member	2022
Adonis Galarza-Toledo	Member	2022
Jesus Gonzalez	Member	2022
Maria G. Machuca	Member	2022

ADMINISTRATION

NAME	TITLE
Dr. Maria Gandera	Superintendent
Joe Dominguez	Assistant Superintendent, Business and Finance
Dr. Josie Paredes	Assistant Superintendent, Educational Services
Kevin Rubow	Assistant Superintendent, Human Resources

	Final Report	
	Second Period Report Certificate BC00CD7C	Annual Report Certificate 34E42A28
Regular ADA		
Transitional kindergarten through third	5,085.01	5,085.01
Fourth through sixth	3,933.87	3,933.87
Seventh and eighth	2,766.27	2,766.27
Ninth through twelfth	4,850.77	4,850.77
Total Regular ADA	16,635.92	16,635.92
Extended Year Special Education		
Transitional kindergarten through third	-	2.12
Fourth through sixth	-	1.69
Seventh and eighth	-	0.53
Ninth through twelfth	-	4.58
Total Extended Year Special Education	-	8.92
Total ADA	16,635.92	16,644.84

Grade Level	1986-1987 Minutes Requirement	2019-2020 Actual Minutes	Number of Days		Status
			Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	50,985	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		53,520	180	N/A	Complied
Grade 2		53,520	180	N/A	Complied
Grade 3		53,520	180	N/A	Complied
Grades 4 - 6	54,000				
Grade 4		56,280	180	N/A	Complied
Grade 5		56,280	180	N/A	Complied
Grade 6		56,280	180	N/A	Complied
Grades 7 - 8	54,000				
Grade 7		65,028	180	N/A	Complied
Grade 8		65,028	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		65,400	180	N/A	Complied
Grade 10		65,400	180	N/A	Complied
Grade 11		65,400	180	N/A	Complied
Grade 12		65,400	180	N/A	Complied

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

	Cafeteria Fund
Fund Balance	
Balance, June 30, 2020, Unaudited Actuals	$ 2,495,736
Decrease in	
Accounts receivable	(759,937)
Balance, June 30, 2020, Audited Financial Statements	$ 1,735,799

	(Budget) 2021 [1]	2020	2019	2018
General Fund				
Revenues	$ 259,187,647	$ 251,173,068	$ 254,688,048	$ 244,966,914
Total Revenues and Other Sources	259,187,647	251,173,068	254,688,048	244,966,914
Expenditures	265,345,144	241,670,908	245,255,967	249,398,308
Other uses and transfers out	400,000	400,000	400,000	4,876,023
Total Expenditures and Other Uses	265,745,144	242,070,908	245,655,967	254,274,331
Increase/(Decrease) in Fund Balance	(6,557,497)	9,102,160	9,032,081	(9,307,417)
Ending Fund Balance	$ 25,351,455	$ 31,908,952	$ 22,806,792	$ 13,774,711
Available Reserves [2]	$ 16,266,294	$ 24,674,082	$ 15,455,289	$ 7,494,852
Available Reserves as a Percentage of Total Outgo	6.12%	10.19%	6.29%	2.95%
Long-Term Liabilities	N/A	$ 664,131,169	$ 671,146,216	$ 662,997,818
K-12 Average Daily Attendance at P-2	16,263	16,636	16,916	17,322

The General Fund balance has increased by $18,134,241 over the past two years. The fiscal year 2020-2021 budget projects a decrease of $6,557,497 (20.6 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 surpluses in two of the past three years, however, anticipates incurring an operating deficit during the 2020-2021 fiscal year. Total long-term liabilities have increased by $1,133,351 over the past two years.

Average daily attendance has decreased by 686 over the past two years. Additional decline of 373 ADA is anticipated during fiscal year 2020-2021.

[1] Budget 2021 is included for analytical purpose only and has not been subject to audit.

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

Name of Charter School and Charter Number	Included in Audit Report
NOVA Academy (Charter Number 121673)	No

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund
Assets					
Deposits and investments	$ 846,162	$ 168,244	$ 1,036,102	$ 178,397	$ 11,790,025
Receivables	506,624	843,225	1,695,996	441	428,965
Due from other funds	-	59	4,917	400,000	-
Stores inventories	-	-	638,263	-	-
Total assets	$ 1,352,786	$ 1,011,528	$ 3,375,278	$ 578,838	$ 12,218,990
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 73,943	$ 6,992	$ 604,780	$ 38,580	$ 15,500
Due to other funds	76,469	867,339	1,034,699	-	-
Unearned revenue	60,554	83,518	-	-	-
Total liabilities	210,966	957,849	1,639,479	38,580	15,500
Fund Balances					
Nonspendable	-	-	640,289	-	-
Restricted	1,029,822	29,471	1,095,510	-	12,203,490
Assigned	111,998	24,208	-	540,258	-
Total fund balances	1,141,820	53,679	1,735,799	540,258	12,203,490
Total liabilities and fund balances	$ 1,352,786	$ 1,011,528	$ 3,375,278	$ 578,838	$ 12,218,990

	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Non-Major Governmental Funds
Assets				
Deposits and investments	$ 1,026,632	$ 10,570,375	$ 385,376	$ 26,001,313
Receivables	1,910	21,260	-	3,498,421
Due from other funds	-	-	-	404,976
Stores inventories	-	-	-	638,263
Total assets	$ 1,028,542	$ 10,591,635	$ 385,376	$ 30,542,973
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ -	$ 80,603	$ -	$ 820,398
Due to other funds	-	-	-	1,978,507
Unearned revenue	-	-	-	144,072
Total liabilities	-	80,603	-	2,942,977
Fund Balances				
Nonspendable	-	-	-	640,289
Restricted	1,028,542	-	385,376	15,772,211
Assigned	-	10,511,032	-	11,187,496
Total fund balances	1,028,542	10,511,032	385,376	27,599,996
Total liabilities and fund balances	$ 1,028,542	$ 10,591,635	$ 385,376	$ 30,542,973

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

June 30, 2020

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund
Revenues					
Federal sources	$ 545,181	$ 2,966,887	$ 13,594,719	$ -	$ -
Other State sources	2,326,093	1,615,635	889,379	-	-
Other local sources	55,281	19,318	380,334	2,414	3,724,106
Total revenues	2,926,555	4,601,840	14,864,432	2,414	3,724,106
Expenditures					
Current					
Instruction	1,626,035	4,177,099	-	-	-
Instruction-related activities					
Supervision of instruction	301,239	111,412	-	-	-
School site administration	464,168	159,187	-	-	-
Pupil services					
Food services	-	-	14,057,106	-	-
All other pupil services	201,759	48,105	-	-	-
Administration					
All other administration	76,073	60,158	532,543	-	-
Plant services	84,986	3,376	14,740	-	-
Other outgo	-	-	-	-	-
Facility acquisition and construction	-	-	-	115,764	82,168
Debt service					
Principal	-	-	-	-	-
Interest and other	-	-	-	-	-
Total expenditures	2,754,260	4,559,337	14,604,389	115,764	82,168
Excess (Deficiency) of Revenues Over Expenditures	172,295	42,503	260,043	(113,350)	3,641,938
Other Financing Sources					
Transfers in	-	-	-	400,000	-
Net Change in Fund Balances	172,295	42,503	260,043	286,650	3,641,938
Fund Balance - Beginning	969,525	11,176	1,475,756	253,608	8,561,552
Fund Balance - Ending	$ 1,141,820	$ 53,679	$ 1,735,799	$ 540,258	$ 12,203,490

	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Non-Major Governmental Funds
Revenues				
Federal sources	$ -	$ -	$ -	$ 17,106,787
Other State sources	834,298	-	-	5,665,405
Other local sources	5,051	5,106,393	39,034	9,331,931
Total revenues	839,349	5,106,393	39,034	32,104,123
Expenditures				
Current				
Instruction	-	-	-	5,803,134
Instruction-related activities				
Supervision of instruction	-	-	-	412,651
School site administration	-	-	-	623,355
Pupil services				
Food services	-	-	-	14,057,106
All other pupil services	-	-	-	249,864
Administration				
All other administration	-	-	-	668,774
Plant services	-	-	-	103,102
Other outgo	-	75,000	2,630	77,630
Facility acquisition and construction	17,093	156,212	-	371,237
Debt service				
Principal	-	1,500,000	-	1,500,000
Interest and other	-	1,619,370	-	1,619,370
Total expenditures	17,093	3,350,582	2,630	25,486,223
Excess (Deficiency) of Revenues Over Expenditures	822,256	1,755,811	36,404	6,617,900
Other Financing Sources (Uses)				
Transfers in	-	-	-	400,000
Net Change in Fund Balances	822,256	1,755,811	36,404	7,017,900
Fund Balance - Beginning	206,286	8,755,221	348,972	20,582,096
Fund Balance - Ending	$ 1,028,542	$ 10,511,032	$ 385,376	$ 27,599,996

Note 1 - Purpose of Schedules

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 Coachella Valley Unified 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 Coachella Valley Unified School District, it is not intended to and does not present the financial position, changes in net assets (or net position or fund balance), or cash flows (if applicable) (A) of Coachella Valley Unified School 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 the 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 48 days due to the pandemic. As a result, the District received credit for these 48 days in meeting the annual instructional days requirement. In addition, planned minutes covered by the COVID-19 School Closure 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.

Schedule of Charter Schools

This schedule lists all Charter Schools chartered by the District and displays information for each Charter School on whether or not the Charter School is included in the District audit.

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

Coachella Valley Unified School District

EideBailly

CPAs & BUSINESS ADVISORS

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
Coachella Valley Unified School District
Thermal, 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 Coachella Valley Unified School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Coachella Valley Unified School District's basic financial statements and have issued our report thereon dated February 8, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Coachella Valley Unified School District's internal control over financial reporting (internal control) as a basis of 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 Coachella Valley Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Coachella Valley Unified School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 Findings and Questioned Costs, as item 2020-001, that we consider to be material weakness.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether Coachella Valley Unified 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 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*.

We noted certain matters that we reported to management of Coachella Valley Unified School District is a separate letter dated February 8, 2021.

Coachella Valley Unified School District's Response to Findings
Coachella Valley Unified School District's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Coachella Valley Unified 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.

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
February 8, 2021

EideBailly

CPAs & BUSINESS ADVISORS

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
Coachella Valley Unified School District
Thermal, California

Report on Compliance for Each Major Federal Program
We have audited Coachella Valley Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Coachella Valley Unified School District's major federal programs for the year ended June 30, 2020. Coachella Valley Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

Opinion on Each Major Federal Program
In our opinion, Coachella Valley Unified 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.

Report on Internal Control over Compliance

Management of Coachella Valley Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Coachella Valley Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Coachella Valley Unified 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
February 8, 2021

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

To the Board of Directors
Coachella Valley Unified School District
Thermal, California

Report on State Compliance
We have audited Coachella Valley Unified 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	Yes
Independent Study	Yes
Continuation Education	Yes, 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

The District does not offer a Work Experience Program; therefore, we did not perform procedures related to the Work Experience Program within the Continuation Education Attendance Program.

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.

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

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

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

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

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

The Charter School is independent of the District; therefore, we did not perform any procedures related to charter schools.

Unmodified Opinion
In our opinion, Coachella Valley Unified 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
February 8, 2021

Schedule of Findings and Questioned Costs
June 30, 2020

Coachella Valley Unified 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
Special Education Cluster	84.027, 84.027A, 84.173 and 84.173A
Child Nutrition Cluster	10.553 and 10.555

Dollar threshold used to distinguish between type A and type B programs:	$ 1,036,353
Auditee qualified as low-risk auditee?	No

STATE COMPLIANCE

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

The following findings represent material weakness related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

2020-001 30000

Criteria or Specific Requirements

Under the modified basis of accounting used for governmental funds, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures if the fiscal period. In addition, the application of completeness assertion in financial statements generally requires management to record all assets and liabilities that should have been included as ending balances on the financial statements.

Condition

The District over-reported year-end accounts receivable and revenue in the amount of $759,937. Specifically, the amount in question was associated with the Cafeteria reimbursement revenue recorded in the District's Cafeteria Fund.

Questioned costs

There were no questioned costs associated with the condition identified.

Context

The condition was identified during the course of performing out audit procedures designated to identify cafeteria reimbursement revenues for the District.

Effect

The effect of the item identified above on the ending fund balance of the District's Cafeteria Fund resulted in decrease to the ending fund balance of $759,937 in comparison to the reported balance on the District's Unaudited Actuals as of June 30, 2020.

Cause

The cause appears to be the deficiency in the District's internal control and review system as it was not able to prevent the misstatement to the financial statement.

Repeat Finding (Yes or No)

No.

Recommendation

In light of condition identified, the District should exercise care during its annual year-end closing process. The District should implement a process to review all balances during its year-end closing process to determine the proper cut-off period.

Corrective Action Plan

The CARES Act appropriated monies for meals claimed in the period of March 2020 to June 2020; the actual award of these funds was to be recognized in the 2020-2021 fiscal year, this did occur for the funds received in the general fund. However, with the limited guidance, specifically for Cafeteria funds, these funds were applied to the expenses tied to claims submitted in the 2019/2020 fiscal year.

The District will review and record all apportionments in the Cafeteria Fund, in accordance with Government Audition Standards, as it does with all other District funds, not grant equals no revenue recognition.

None reported.

None reported.

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

Management
Coachella Valley Unified School District
Thermal, California

In planning and performing our audit of the financial statements of Coachella Valley Unified 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 February 8, 2021, on the government-wide financial statements of the District.

ASSOCIATED STUDENT BODY

Coachella Valley High School

Observation
Deposits are not being made in accordance with the District's depositing policy. Delay in deposit ranged from approximately 17 to 36 days from the date of receipt. This could result in large cash balances being maintained at the sites which can hinder the safeguarding of ASB assets.

Recommendation
The ASB's should adhere to the District's depositing policy which dictates that the ASB's should, at a minimum, make their deposits once a week to minimize the amount of cash held at the sites. During weeks of high cash activity, there may be a need to make more than one deposit. The District should establish a specific guideline for this procedure including the maximum cash on hand that should be maintained at the site.

Observation
The Student Body disbursements were not always adequately supported by proper documentation. Out of 25 disbursements tested, 11 were missing receiving documentation for goods received.

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 and deliveries should only be made to the school site or District office.

Observation

Based on the review of the disbursement procedures it was noted that eight of 25 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

Revenue potential forms are not being fully and/or consistently used to document and control fund-raising activities as they occur. These forms supply an element of internal controls without which it is difficult to determine the success of a fundraiser and to track money as it is spent and received.

Recommendation

Revenue potentials should be prepared to assist the ASB in identifying whether or not a fundraiser will be successful. By completing the expected results section of the revenue potential, the ASB will know how much profit should be made from the fundraiser. Once the fundraiser is complete, the actual results should be summarized and compared to the expected results to determine if the fundraiser generated the profit expected. Discrepancies should be investigated and explained, and a determination should be made as to whether or not it is beneficial to conduct the fundraiser in the future.

Observation

Ticket sales overages/shortages are not being documented and explained consistently. Without a reasonable explanation the auditor is unable to understand where the discrepancies are coming from.
Recommendation

A ticket sales recap form serves the purpose of calculating, based on the number of tickets sold out of the roll and the price per ticket, the amount of cash that should have been collected. The recap should be reconciled to the cash deposit forwarded to the bookkeeper. This procedure documents overages and shortages of cash and informs site personnel about potential problems in cash collections. The forms should be filed along with the deposit form and other pertinent documents.

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

Eide Bailly LLP

Rancho Cucamonga, California
February 8, 2021