



Financial Statements
June 30, 2021

**San Bernardino City
Unified School District**

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Independent Auditor's Report

Governing Board
San Bernardino City Unified School District
San Bernardino, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of San Bernardino City Unified School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of San Bernardino City Unified School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 1 and 16 to the financial statements, San Bernardino City Unified School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, budgetary comparison information on page 75, schedule of changes in the District's net OPEB liability and related ratios on page 76, schedule of the District's proportionate share of the net OPEB liability – MPP program on page 77, schedule of the District's proportionate share of the net pension liability on page 78, and the schedule of District contributions on page 80, 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 San Bernardino City Unified School District's financial statements. The combining non-major governmental fund financial statements, Schedule of Expenditures of Federal Awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining non-major governmental fund financial statements, the Schedule of Expenditures of Federal Awards, and the other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major governmental fund financial statements, the Schedule of Expenditures of Federal Awards, and the other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 14, 2022 on our consideration of San Bernardino City 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 San Bernardino City 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 San Bernardino City Unified School District's internal control over financial reporting and compliance.



Rancho Cucamonga, California
January 14, 2022



SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

Making Hope Happen

Doc Ervin
Superintendent

Harold Sullins
Associate Superintendent

This section of San Bernardino City 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, 2021, with comparative information for the year ending June 30, 2020. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

The first two statements are *Government-Wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.

The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the District's operations *in more detail* than the District-wide statements.

- The *Governmental Funds* statements tell how *basic* services like regular and special education were financed in the *short-term*, as well as what remains for future spending.
- *Proprietary Funds* statements offer *short* and *long-term* financial information about the activities the District operates like *businesses*, such as food services.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the District's budget for the year.

Government-Wide Financial Statements

The Government-Wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the *Statement of Activities* regardless of when cash is received or paid.

The two Government-Wide financial statements report the District's *net position* and how they have changed. Net position - the difference between the District's assets and deferred inflows of resources, and liabilities and deferred outflows of resources - is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, consideration should be given to additional non-financial factors such as changes in the District's condition of school buildings and other facilities.

In the Government-Wide financial statements, the District's activities are divided into two categories:

Governmental Activities - Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and State formula aid finance most of these activities.

Business-Type Activities - The District charges fees to help it cover the costs of certain services it provides. The District's food services are included here.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

The District has two kinds of funds:

Governmental Funds - Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the Government-Wide financial statements, we provide additional information with the governmental funds statements that explain the relationship (or differences) between them.

Proprietary Funds - Services for which the District charges a fee is generally reported in proprietary funds. Proprietary funds are reported in the same way as the Government-Wide financial statements.

- The District's Enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- We use Internal Service funds (the other kind of proprietary fund) to report activities that provide supplies and services for the District's other programs and activities. The District currently has one internal service fund - the Self-Insurance Fund.

THE DISTRICT AS A WHOLE

Net Position

The District's combined net position was more than they were the year before - increasing 3.7 percent or \$8,799,284. Most of this increase in the District's financial position came from its governmental activities, the net position of which increased by \$14,079,631 to \$249,331,186. The net position of the District's business-type activities decreased by \$5,280,347 to \$(1,604,801).

Table A-1

	Governmental Activities		Business-Type Activities		School District Activities	
	2021	2020 as Restated	2021	2020	2021	2020 as Restated
Assets						
Current and other assets	\$ 688,704,744	\$ 424,635,472	\$ 13,811,261	\$17,517,900	\$ 702,516,005	\$ 442,153,372
Capital assets	948,859,402	961,362,780	2,369,140	2,864,163	951,228,542	964,226,943
Total assets	1,637,564,146	1,385,998,252	16,180,401	20,382,063	1,653,744,547	1,406,380,315
Deferred outflows of resources	212,720,495	219,245,817	3,277,070	4,605,271	215,997,565	223,851,088
Liabilities						
Current liabilities	242,898,167	120,991,331	1,084,748	254,366	243,982,915	121,245,697
Long-term liabilities other than OPEB and pensions	481,501,350	426,882,476	-	-	481,501,350	426,882,476
Net OPEB liability	121,653,449	101,448,057	2,388,655	2,590,987	124,042,104	104,039,044
Aggregate net pension liability	729,870,433	683,048,503	17,391,554	18,253,736	747,261,987	701,302,239
Total liabilities	1,575,923,399	1,332,370,367	20,864,957	21,099,089	1,596,788,356	1,353,469,456
Deferred inflows of resources	25,030,056	37,622,147	197,315	212,699	25,227,371	37,834,846
Net Position						
Net investment in capital assets	699,741,510	717,001,481	2,369,140	2,864,163	702,110,650	719,865,644
Restricted	185,849,767	131,548,880	-	811,383	185,849,767	132,360,263
Unrestricted (deficit)	(636,260,091)	(613,298,806)	(3,973,941)	-	(640,234,032)	(613,298,806)
Total net position (deficit)	\$ 249,331,186	\$ 235,251,555	\$ (1,604,801)	\$ 3,675,546	\$ 247,726,385	\$ 238,927,101

Changes in Net Position

The District's total revenues increased by \$133,726,879 (see Table A-2). State and Federal aid for specific programs contributed about 34.0 cents of every dollar raised. Another 63.6 cents of every dollar raised came from property taxes and State and Federal formula aid, and the remainder from fees charged for services and miscellaneous sources.

Table A-2

	Governmental Activities		Business-Type Activities		School District Activities	
	2021	2020*	2021	2020	2021	2020*
Revenues						
Program revenues						
Charges for services	\$ 7,969,581	\$ 9,090,585	\$ 1,066	\$ 725,541	\$ 7,970,647	\$ 9,816,126
Operating grants and contributions	288,464,522	153,178,792	22,410,237	26,231,988	310,874,759	179,410,780
Capital grants and contributions	5,481,990	3,567,594	-	-	5,481,990	3,567,594
General revenues						
Federal and State unrestricted	512,464,646	517,814,968	-	-	512,464,646	517,814,968
Property taxes	80,033,120	76,475,888	-	-	80,033,120	76,475,888
Other general revenues	14,672,546	10,587,287	140,017	238,203	14,812,563	10,825,490
Total revenues	909,086,405	770,715,114	22,551,320	27,195,732	931,637,725	797,910,846
Expenses						
Instruction-related	655,178,584	633,765,423	-	-	655,178,584	633,765,423
Pupil services	84,551,081	85,459,693	-	-	84,551,081	85,459,693
Administration	46,406,816	38,243,845	-	-	46,406,816	38,243,845
Plant services	77,668,843	78,542,562	-	-	77,668,843	78,542,562
All other services	31,201,450	31,504,208	27,831,667	32,382,802	59,033,117	63,887,010
Total expenses	895,006,774	867,515,731	27,831,667	32,382,802	922,838,441	899,898,533
Change in net position	\$ 14,079,631	\$ (96,800,617)	\$ (5,280,347)	\$ (5,187,070)	\$ 8,799,284	\$ (101,987,687)

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

The total cost of all programs and services increased by \$22,939,908. The District's expenses are predominantly related to educating and caring for students (80.2 percent). The purely administrative activities of the District accounted for just 5.0 percent of total costs.

Total revenues were greater than expenses, increasing net position by \$8,799,284 this fiscal year. The business-type activities contributed to the District's increase in net position.

Governmental Activities

Revenues for the District's governmental activities were \$909,086,405, whereas total expenses were \$895,006,774. The increase in net position for governmental activities occurred due to an overall increase in revenues.

- Some of the District's activities (\$7,969,581) were financed by the users of the District's programs. See Table A-2.
- The Federal and State governments subsidized certain programs with grants and contributions (\$293,946,512). See Table A-2.

Business-Type Activities

Revenues of the District's business-type activities were \$22,551,320, and expenses were \$27,831,667. (Refer to Table A-2).

Net Cost of Services

Table A-3 presents the costs of major District governmental activities: instruction-related activities, pupil services (guidance, counseling, and evaluation), administration, plant services, and other activities. The table also shows each activity's *net cost* (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

- Most of the District's governmental activity net costs (\$593,090,681) million were financed by District taxpayers and the taxpayers of our State.
- This portion of governmental activities was financed with \$80,033,120 in property taxes, and \$512,464,646 of unrestricted State and Federal aid based on the State-wide education aid formula. See Table A-2.

Table A-3

	Total Cost of Services		Net Cost of Services	
	2021	2020*	2021	2020*
Instruction-related	\$ 655,178,584	\$ 633,765,423	\$ (412,918,801)	\$ (501,213,870)
Pupil services	84,551,081	85,459,693	(63,127,140)	(71,278,025)
Administration	46,406,816	38,243,845	(27,474,183)	(35,275,733)
Plant services	77,668,843	78,542,562	(75,386,898)	(77,509,443)
Other	31,201,450	31,504,208	(14,183,659)	(16,401,689)
Total	<u>\$ 895,006,774</u>	<u>\$ 867,515,731</u>	<u>\$ (593,090,681)</u>	<u>\$ (701,678,760)</u>

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

THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported *combined* fund balances of \$362,182,122, an increase of 56.5 percent from the previous year.

The business-type activities remained financially stable. In addition to the District-Wide financial statements, Food Service activity is reported in greater detail in the enterprise fund statements.

The District's General Fund increased in fund balance by \$85,991,097. The District continues to meet the State required two percent fund balance reserve for Economic Uncertainties.

Table A-4

	Balances and Activity			
	June 30, 2020 as restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2021
General Fund	\$ 52,496,608	\$ 843,778,190	\$ 757,787,093	\$ 138,487,705
Building Fund	35,063,160	61,932,702	18,314,739	78,681,123
Capital Projects Fund for				
Blended Component Units	73,423,312	3,663	9,596,365	63,830,610
Student Activity Fund	1,921,573	77,403	234,195	1,764,781
Adult Education Fund	1,405,463	8,007,375	7,287,314	2,125,524
Child Development Fund	1,304,392	16,516,809	12,244,561	5,576,640
Capital Facilities Fund	6,879,618	1,474,298	293,809	8,060,107
County School Facilities Fund	29,801,301	5,481,990	4,747,946	30,535,345
Special Reserve Fund for				
Capital Outlay Projects	7,115,797	1,173,280	1,648,927	6,640,150
Bond Interest and Redemption Fund	22,048,626	112,555,252	108,123,741	26,480,137
Total	<u>\$ 231,459,850</u>	<u>\$ 1,051,000,962</u>	<u>\$ 920,278,690</u>	<u>\$ 362,182,122</u>

General Fund Budgetary Highlights

The District revises the annual operating budget on an ongoing basis throughout the year.

The District's final budget for the General Fund anticipated that revenues would exceed expenditures by \$38,222,604 and the actual results for the year show revenues exceeding expenditures by \$86,230,938.

Actual revenues were \$30,403,927 higher than expected, due primarily to higher state and local sources. The actual expenditures were \$17,604,407 under budget, due primarily to less spending on books and supplies and other operating expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2021, the District had invested \$951,228,542 in a broad range of capital assets, including school facilities and equipment. Total depreciation expense for the year was \$34,946,681. (More detailed information about capital assets can be found in Note 4 to the financial statements.)

Table A-5

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land and construction						
in process	\$ 56,439,850	\$ 50,583,599	\$ -	\$ -	\$ 56,439,850	\$ 50,583,599
Buildings and						
improvements	878,720,685	895,754,366	1,157,851	1,599,253	879,878,536	897,353,619
Equipment	13,698,867	15,024,815	1,211,289	1,264,910	14,910,156	16,289,725
Total	<u>\$ 948,859,402</u>	<u>\$ 961,362,780</u>	<u>\$ 2,369,140</u>	<u>\$ 2,864,163</u>	<u>\$ 951,228,542</u>	<u>\$ 964,226,943</u>

Long-Term Liabilities

At year-end, the District had \$1,352,805,441 in long-term liabilities increasing last year's balance by \$120,581,682.

Table A-6

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation						
bonds - net (financed						
with property taxes)	\$ 342,711,750	\$ 288,299,961	\$ -	\$ -	\$ 342,711,750	\$ 288,299,961
Certificates of Participation-						
net of premium	101,908,617	109,124,124	-	-	101,908,617	109,124,124
Discount on issuance	(186,399)	(226,343)	-	-	(186,399)	(226,343)
Compensated absences	8,614,405	5,875,504	-	-	8,614,405	5,875,504
Claims liability	27,850,275	23,809,230	-	-	27,850,275	23,809,230
SELF assessment	602,702	-	-	-	602,702	-
Net other postemployment						
benefits (OPEB) liability	121,653,449	101,448,057	2,388,655	2,590,987	124,042,104	104,039,044
Aggregate net pension						
liability	<u>729,870,433</u>	<u>683,048,503</u>	<u>17,391,554</u>	<u>18,253,736</u>	<u>747,261,987</u>	<u>701,302,239</u>
Total	<u>\$ 1,333,025,232</u>	<u>\$ 1,211,379,036</u>	<u>\$ 19,780,209</u>	<u>\$ 20,844,723</u>	<u>\$ 1,352,805,441</u>	<u>\$ 1,232,223,759</u>

We present more detailed information regarding our long-term liabilities in Note 9 of the financial statements. See Note 10 and 13 for additional information about the net OPEB liability and net pension liability, respectively.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could significantly affect its financial health in the future:

1. Since the Local Control Funding Formula is based on an improved or slow/no growth in the economy of the State of California, any volatility in revenues will impact the District's financial condition.
2. The District repaid its Tax and Revenue Anticipation Note (TRAN) issued during FY 2020-2021 as of December 31, 2021.
3. The District anticipates that its enrollment or Average Daily Attendance (0.5 percent decrease in 2020-2021) will decline during fiscal year 2021-2022.
4. Collective bargaining.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office, 777 North F Street, San Bernardino, California 92410.

San Bernardino City Unified School District

Statement of Net Position

June 30, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Deposits and investments	\$ 525,800,964	\$ 9,435,764	\$ 535,236,728
Receivables	161,224,421	3,977,830	165,202,251
Internal balances	1,581,947	(1,581,947)	-
Prepaid expense	14,876	-	14,876
Stores inventories	82,536	1,979,614	2,062,150
Capital assets not depreciated	56,439,850	-	56,439,850
Capital assets, net of accumulated depreciation	892,419,552	2,369,140	894,788,692
Total assets	1,637,564,146	16,180,401	1,653,744,547
Deferred Outflows of Resources			
Deferred charge on refunding	8,835,338	-	8,835,338
Deferred outflows of resources related to OPEB	23,332,526	379,207	23,711,733
Deferred outflows of resources related to pensions	180,552,631	2,897,863	183,450,494
Total deferred outflows of resources	212,720,495	3,277,070	215,997,565
Liabilities			
Accounts payable	149,488,748	1,057,376	150,546,124
Accrued interest payable	4,110,791	-	4,110,791
Unearned revenue	17,048,628	27,372	17,076,000
Current loans	72,250,000	-	72,250,000
Long-term liabilities			
Long-term liabilities other than OPEB and pensions due within one year	22,004,921	-	22,004,921
Long-term liabilities other than OPEB and pensions due in more than one year	459,496,429	-	459,496,429
Net other postemployment benefits (OPEB) liability	121,653,449	2,388,655	124,042,104
Aggregate net pension liability	729,870,433	17,391,554	747,261,987
Total liabilities	1,575,923,399	20,864,957	1,596,788,356
Deferred Inflows of Resources			
Deferred inflows of resources related to OPEB	1,495,147	30,358	1,525,505
Deferred inflows of resources related to pensions	23,534,909	166,957	23,701,866
Total deferred inflows of resources	25,030,056	197,315	25,227,371
Net Position			
Net investment in capital assets	699,741,510	2,369,140	702,110,650
Restricted for			
Debt service	22,369,346	-	22,369,346
Capital projects	38,595,452	-	38,595,452
Educational programs	56,378,014	-	56,378,014
Other activities	68,506,955	-	68,506,955
Unrestricted (deficit)	(636,260,091)	(3,973,941)	(640,234,032)
Total net position (deficit)	\$ 249,331,186	\$ (1,604,801)	\$ 247,726,385

San Bernardino City Unified School District

Statement of Activities Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities:							
Instruction	\$537,870,311	\$3,125,850	\$200,108,958	\$5,481,990	\$(329,153,513)	\$-	\$(329,153,513)
Instruction-related activities							
Supervision of instruction	41,746,226	92,938	15,176,801	-	(26,476,487)	-	(26,476,487)
Instructional library, media, and technology	4,656,826	-	490,125	-	(4,166,701)	-	(4,166,701)
School site administration	70,905,221	2,577,270	15,205,851	-	(53,122,100)	-	(53,122,100)
Pupil services							
Home-to-school transportation	12,882,079	-	1,040,054	-	(11,842,025)	-	(11,842,025)
Food services	3,239,325	218	2,029,802	-	(1,209,305)	-	(1,209,305)
All other pupil services	68,429,677	379,044	17,974,823	-	(50,075,810)	-	(50,075,810)
Administration							
Data processing	7,381,803	(82,364)	455,573	-	(7,008,594)	-	(7,008,594)
All other administration	39,025,013	246,372	18,313,052	-	(20,465,589)	-	(20,465,589)
Plant services	77,668,843	717,983	1,563,962	-	(75,386,898)	-	(75,386,898)
Ancillary services	234,195	-	77,403	-	(156,792)	-	(156,792)
Community services	12,139,831	7,445	14,225,304	-	2,092,918	-	2,092,918
Enterprise services	(1,294,686)	-	18,688	-	1,313,374	-	1,313,374
Interest on long-term liabilities	17,519,970	-	-	-	(17,519,970)	-	(17,519,970)
Other outgo	2,602,140	904,825	1,784,126	-	86,811	-	86,811
Total governmental activities	895,006,774	7,969,581	288,464,522	5,481,990	(593,090,681)	-	(593,090,681)
Business-Type Activities							
Food services	27,831,667	1,066	22,410,237	-	-	(5,420,364)	(5,420,364)
Total school district	<u>\$922,838,441</u>	<u>\$7,970,647</u>	<u>\$310,874,759</u>	<u>\$5,481,990</u>	<u>(593,090,681)</u>	<u>(5,420,364)</u>	<u>(598,511,045)</u>
General revenues and subventions							
Property taxes, levied for general purposes					\$51,661,907	\$-	\$51,661,907
Property taxes, levied for debt service					21,445,761	-	21,445,761
Taxes levied for other specific purposes					6,925,452	-	6,925,452
Federal and State aid not restricted to specific purposes					512,464,646	-	512,464,646
Interest and investment earnings					4,581,257	3,345	4,584,602
Miscellaneous					10,091,289	136,672	10,227,961
Subtotal, general revenues and subventions					607,170,312	140,017	607,310,329
Change in Net Position					14,079,631	(5,280,347)	8,799,284
Net Position - Beginning, as restated					235,251,555	3,675,546	238,927,101
Net Position - Ending					<u>\$249,331,186</u>	<u>\$(1,604,801)</u>	<u>\$247,726,385</u>

See Notes to Financial Statements

San Bernardino City Unified School District

Balance Sheet – Governmental Funds

June 30, 2021

	General Fund	Building Fund	Capital Project Fund for Blended Component Units	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	\$ 212,242,626	\$ 80,459,992	\$ 63,830,610	\$ 82,928,797	\$ 439,462,025
Receivables	159,491,107	176,605	-	1,341,727	161,009,439
Due from other funds	2,501,656	4,263	-	239,844	2,745,763
Prepaid expenditures	14,876	-	-	-	14,876
Stores inventories	-	-	-	82,536	82,536
Total assets	\$ 374,250,265	\$ 80,640,860	\$ 63,830,610	\$ 84,592,904	\$ 603,314,639
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 145,379,289	\$ 1,932,707	\$ -	\$ 1,825,721	\$ 149,137,717
Due to other funds	1,777,311	27,030	-	891,831	2,696,172
Current loans	72,250,000	-	-	-	72,250,000
Unearned revenue	16,355,960	-	-	692,668	17,048,628
Total liabilities	235,762,560	1,959,737	-	3,410,220	241,132,517
Fund Balances					
Nonspendable	225,876	-	-	83,936	309,812
Restricted	56,378,014	78,681,123	63,830,610	74,300,275	273,190,022
Assigned	66,683,815	-	-	6,798,473	73,482,288
Unassigned	15,200,000	-	-	-	15,200,000
Total fund balances	138,487,705	78,681,123	63,830,610	81,182,684	362,182,122
Total liabilities and fund balances	\$ 374,250,265	\$ 80,640,860	\$ 63,830,610	\$ 84,592,904	\$ 603,314,639

San Bernardino City Unified School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2021

Total Fund Balance - Governmental Funds \$ 362,182,122

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:	\$ 1,323,667,358
Accumulated depreciation is:	<u>(374,807,956)</u>

Net capital assets	948,859,402
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An Internal Service Fund is used by the District's 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.

59,282,269

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.

(4,110,791)

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

Refundings (deferred charge on refunding)	8,835,338
Other postemployment benefits (OPEB) liability	23,332,526
Aggregate net pension liability	<u>180,552,631</u>

Total deferred outflows of resources	212,720,495
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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 (OPEB) liability	(1,495,147)
Aggregate net pension liability	<u>(23,534,909)</u>

Total deferred inflows of resources	(25,030,056)
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San Bernardino City Unified School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2021

Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the fund. \$ (729,870,433)

The District's net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds. (121,653,449)

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	\$ 285,228,624
Premium on issuance	25,422,738
Certificates of participation	90,000,000
Discount on issuance	(186,399)
Compensated absences	8,614,405

In addition, the District issues "capital appreciation" general obligation bonds. The accretion of interest on unmatured general obligation bonds to date is:

43,969,005

Total long-term liabilities (453,048,373)

Total Net Position - Governmental Activities \$ 249,331,186

San Bernardino City Unified School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2021

	General Fund	Building Fund	Capital Project Fund for Blended Component Units	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local control funding formula	\$ 553,463,972	\$ -	\$ -	\$ -	\$ 553,463,972
Federal sources	137,634,081	1,833,527	-	1,903,654	141,371,262
Other state sources	138,003,799	-	-	27,225,500	165,229,299
Other local sources	14,676,338	1,194,943	3,663	24,396,375	40,271,319
Total revenues	843,778,190	3,028,470	3,663	53,525,529	900,335,852
Expenditures					
Current					
Instruction	459,264,016	-	-	4,104,259	463,368,275
Instruction-related activities					
Supervision of instruction	37,526,272	-	-	325,083	37,851,355
Instructional library, media, and technology	4,204,260	-	-	-	4,204,260
School site administration	62,123,773	-	-	2,548,981	64,672,754
Pupil services					
Home-to-school transportation	12,739,203	-	-	-	12,739,203
Food services	1,622,867	-	-	-	1,622,867
All other pupil services	60,278,858	-	-	379,434	60,658,292
Administration					
Data processing	6,871,488	-	-	-	6,871,488
All other administration	35,356,179	-	-	631,257	35,987,436
Plant services	61,970,681	-	-	874,892	62,845,573
Ancillary services	-	-	-	234,195	234,195
Community services	377,421	-	-	10,667,969	11,045,390
Other outgo	1,814,838	-	-	787,302	2,602,140
Enterprise services	3,340	-	-	-	3,340
Facility acquisition and construction	8,568,251	9,042,626	9,596,365	1,953,986	29,161,228
Debt service					
Principal	790,000	5,725,000	-	11,000,000	17,515,000
Interest and other	4,035,805	3,547,001	-	8,284,946	15,867,752
Total expenditures	757,547,252	18,314,627	9,596,365	41,792,304	827,250,548
Excess (Deficiency) of Revenues over Expenditures	86,230,938	(15,286,157)	(9,592,702)	11,733,225	73,085,304
Other Financing Sources (Uses)					
Transfers in	-	3,719,232	-	1,257,417	4,976,649
Other sources - proceeds from issuance of general obligation bonds	-	55,185,000	-	87,565,000	142,750,000
Other sources - premium on issuance of general obligation bonds	-	-	-	2,938,461	2,938,461
Transfers out	(239,841)	(112)	-	(4,736,696)	(4,976,649)
Other uses - payment to refunded general obligation bonds escrow agent	-	-	-	(88,051,493)	(88,051,493)
Net financing sources (uses)	(239,841)	58,904,120	-	(1,027,311)	57,636,968
Net Change in Fund Balances	85,991,097	43,617,963	(9,592,702)	10,705,914	130,722,272
Fund Balances - Beginning, as restated	52,496,608	35,063,160	73,423,312	70,476,770	231,459,850
Fund Balances - Ending	\$ 138,487,705	\$ 78,681,123	\$ 63,830,610	\$ 81,182,684	\$ 362,182,122

See Notes to Financial Statements

San Bernardino City Unified School District

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

Total Net Change in Fund Balances - Governmental Funds \$ 130,722,272

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 expense exceeds capital outlays in the period.

Depreciation expense	\$ (34,118,704)	
Capital outlays	<u>21,625,965</u>	
Net Expense Adjustment		(12,492,739)

Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds. (10,639)

In the Statement of Activities, certain operating expenses - compensated absences is measured by the amounts earned during the year. In the governmental funds, however, expenditures for this item is measured by the amount of financial resources used (essentially, the amounts actually paid). Vacation earned was more than the amounts used by \$2,738,901. (2,738,901)

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. (54,809,389)

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. (10,034,805)

Proceeds received from sale 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.

This year the District issued the following:

2020 General Obligations Refunding Bonds, Series A		(13,250,000)
2020 General Obligations Refunding Bonds, Series B		(74,315,000)
2012 General Obligation Bonds, Series F		(35,000,000)
2012 General Obligation Bonds, Series G		(20,185,000)

San Bernardino City Unified School District

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

Governmental funds report the effects of premiums, discounts, issuance costs, 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. This is the net effect of these related items:

Premium on issuance	\$ (2,938,461)
Deferred charges on refunding	7,274,389

Repayment of debt principal 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	\$ 89,844,953
Certificate of participations	6,515,000

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

Amortization of debt premium	\$ 6,702,957
Amortization of debt discount	(39,944)
Amortization of deferred charges on refunding	<u>(3,390,748)</u>
Combined Adjustment	3,272,265

Interest on long-term liabilities in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the result of two factors. First, accrued interest on the general obligation bonds decreased \$1,578,399, and second, \$4,570,731 of additional accumulated interest was accreted on the District's "capital appreciation" general obligation bonds.

(2,992,332)

An Internal Service Fund is used by the District's management to charge the costs of the workers compensation insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.

5,218,018

Change in net position of governmental activities

\$ 14,079,631

San Bernardino City Unified School District

Statement of Net Position – Proprietary Funds

June 30, 2021

	Business-Type Activities Enterprise Fund Food Service	Governmental Activities - Internal Service Fund
Assets		
Current assets		
Deposits and investments	\$ 9,435,764	\$ 86,338,939
Receivables	3,977,830	214,982
Due from other funds	-	1,537,467
Stores inventories	1,979,614	-
Total current assets	15,393,208	88,091,388
Noncurrent assets		
Capital assets being depreciated	17,914,175	-
Less: accumulated depreciation	(15,545,035)	-
Total noncurrent assets	2,369,140	-
Total assets	17,762,348	88,091,388
Deferred Outflows of Resources		
Deferred outflows of resources related to OPEB	379,207	-
Deferred outflows of resources related to pensions	2,897,863	-
Total deferred outflows	\$ 3,277,070	\$ -
Liabilities		
Current liabilities		
Accounts payable	\$ 1,057,376	\$ 351,031
Due to other funds	1,581,947	5,111
Unearned revenue	27,372	-
Current portion of claims liability	-	3,589,946
Current portion of SELF assessment	-	301,386
Total current liabilities	2,666,695	4,247,474
Noncurrent liabilities		
Noncurrent portion of claims liability	-	24,260,259
Noncurrent portion of SELF assessment	-	301,386
Net other postemployment benefits (OPEB) liability	2,388,655	-
Aggregate net pension liability	17,391,554	-
Total noncurrent liabilities	19,780,209	24,561,645
Deferred Inflows of Resources		
Deferred outflows of resources related to OPEB	30,358	-
Deferred inflows of resources related to pensions	166,957	-
Total deferred inflows	197,315	-
Net Position		
Net investment in capital assets	2,369,140	-
Restricted	(3,973,941)	59,282,269
Total net position	\$ (1,604,801)	\$ 59,282,269

San Bernardino City Unified School District
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
Year Ended June 30, 2021

	Business-Type Activities Enterprise Fund Food Service	Governmental Activities - Internal Service Fund
Operating Revenues		
Charges for services	\$ 1,066	\$ -
Charges to other funds and miscellaneous revenues	136,671	18,261,162
Total operating revenues	<u>137,737</u>	<u>18,261,162</u>
Operating Expenses		
Payroll costs	13,855,565	829,034
Professional and contract services	613,914	-
Supplies and materials	11,417,501	10,186
Facility rental	159,593	(121)
Other operating cost	957,116	13,074,799
Depreciation	827,977	-
Total operating expenses	<u>27,831,666</u>	<u>13,913,898</u>
Operating income (loss)	<u>(27,693,929)</u>	<u>4,347,264</u>
Nonoperating Revenues		
Interest income	3,345	870,754
Federal grants	21,315,469	-
State grants	1,094,768	-
Total nonoperating revenues	<u>22,413,582</u>	<u>870,754</u>
Change in Net Position	(5,280,347)	5,218,018
Total Net Position - Beginning	<u>3,675,546</u>	<u>54,064,251</u>
Total Net Position - Ending	<u><u>\$ (1,604,801)</u></u>	<u><u>\$ 59,282,269</u></u>

San Bernardino City Unified School District

Statement of Cash Flows – Proprietary Funds

Year Ended June 30, 2021

	Business-Type Activities Enterprise Fund Food Service	Governmental Activities - Internal Service Fund
Cash Flows from Operating Activities		
Cash payments for user charges	\$ (2,142,615)	\$ -
Cash receipts from interfund services provided	-	18,027,399
Other operating cash receipts (payments)	136,671	(42,012)
Cash payments to other suppliers of goods or services	(10,672,122)	-
Cash payments to employees for services	(13,607,262)	(829,034)
Cash payments for insurance claims	-	(8,431,052)
Other operating cash payments	(1,116,709)	-
Net cash provided by (used in) operating activities	(27,402,037)	8,725,301
Cash Flows from Noncapital Financing Activities		
Nonoperating grants received	22,410,237	-
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets	(332,954)	-
Cash Flows from Investing Activities		
Interest on investments	3,345	870,754
Net Increase (Decrease) in Cash and Cash Equivalents	(5,321,409)	9,596,055
Cash and Cash Equivalents - Beginning	14,757,173	76,742,884
Cash and Cash Equivalents - Ending	\$ 9,435,764	\$ 86,338,939
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating income (loss)	\$ (27,693,929)	\$ 4,347,264
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	827,977	-
Changes in assets and liabilities		
Receivables	(2,139,459)	135,274
Due from other fund	-	(234,653)
Inventories	234,486	-
Deferred outflows of resources	1,328,201	-
Accounts payables	834,604	(167,221)
Due to other fund	290,203	890
Unearned revenue	(4,222)	-
Deferred inflows of resources	(15,384)	-
Net pension liability	(862,182)	-
Net other postemployment benefits (OPEB) liability	(202,332)	-
Claims liability and self assessment	-	4,643,747
Net Cash Provided by (Used in) Operating Activities	\$ (27,402,037)	\$ 8,725,301

Noncash, Noncapital Financing Activities

During the Year, the District Received \$1,221,391 of Food Commodities from the U.S. Department of Agriculture.

Note 1 - Summary of Significant Accounting Policies**Financial Reporting Entity**

The San Bernardino City Unified School District (the District) was unified on July 1, 1964, 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 forty-nine elementary schools, ten middle schools, a K-8 school, a middle college, six comprehensive high schools, one alternative education school, two continuation high schools, two community day schools, an adult education school, and two special education schools.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For San Bernardino City Unified School District, this includes general operations, food service, and student related activities of the District.

Component Units

Component units are legally separate organization 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. For financial reporting purposes, the component units have a financial and operational relationship which meets the reporting entity definition criteria of the 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 are included in the financial statements of the District. The component units, although legally separate entities, are reported in the financial statements using the blended presentation method as if they 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 finance the construction of facilities to be used for the benefit of the District.

The San Bernardino City Unified School District and San Bernardino Schools Financing Corporation (the Corporation), as represented by the 2011 and 2019 Certifications of Participation, have a financial and operational relationship which meets the reporting entity definition for inclusion of the Corporation as a component unit of the District. Accordingly, the financial activities of the Corporation have been included in the financial statements of the District. The financial statements present the Corporation's financial activity within the Capital Project Fund for Blended Component Units. All debt instruments issued by the Corporation are included as long-term liabilities in the government-wide financial statements.

Other Related Entities

Charter School The District has approved Charters for PAL Academy (Charter Number 0335), Public Safety Academy (Charter Number 0731), ASA Charter (Charter Number 0677), Options for Youth - San Bernardino (Charter Number 1132), New Vision Middle (Charter Number 1089), Hardy Brown College Prep (Charter Number 1155), iEmpire Academy (Charter Number 1153), SOAR Charter Academy (Charter Number 0982), Ballington Academy for the Arts and Science – San Bernardino (1795), Woodward Leadership Academy (Charter Number 1438), Savant Preparatory Academy of Business (Charter Number 1971), and Entrepreneur High School (Charter Number 1922) pursuant to *Education Code* Section 47605. The Charter Schools are operated independently and are not considered component units of the District.

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

One fund currently defined as a special revenue fund in the California State Accounting Manual (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 14, Deferred Maintenance Fund, is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund functions effectively as an extension of the General Fund, and accordingly has been combined with the General Fund for presentation in these audited financial statements.

Due to implementation of GASB Statement No. 84, Fiduciary Activities, the District's Fund 73, Foundation Private-Purpose Trust Fund (Jeffords Trust Fund) is consolidated into the General Fund.

As a result, the General Fund reflects an increase in fund balance of \$1,655,233.

Building Fund The Building Fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

Capital Project Fund for Blended Component Units Fund The Capital Project Fund for Blended Component Units Fund are used to account for capital projects financed by the San Bernardino Schools Financing Corporation and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

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.

- **Student Activity Fund** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.
- **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.

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 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), or the 2006 State Schools Facilities Fund (Proposition 1D) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

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

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

Proprietary Funds Proprietary Funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has the following proprietary funds:

- **Enterprise Fund** Enterprise Funds may be used to account for any activity for which a fee is charged to external users for goods or services. The enterprise major fund of the District accounts for the financial transactions related to the food service operations of the District.
- **Internal Service Fund** Internal Service Funds may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operates a self-insured workers' compensation program that is accounted for in an internal service fund.

Basis of Accounting - Measurement Focus

Government - Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared.

The government-wide 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 internal service fund, 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 governmental 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 the 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 financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.
- **Proprietary Funds** Proprietary funds are accounted for using the 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.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

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

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred. Principal and interest on long-term liabilities, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the government-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 the County investment pool 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 are stated at the lower of cost or market, utilizing the weighted average method. The costs of inventory items are recorded as expenses in the proprietary-type and fiduciary-type funds when consumed rather than when purchased.

Capital Assets and Depreciation

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

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

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, 5 to 50 years; equipment, 2 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, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Compensated Absences

Compensated absences are accrued as a liability 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 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 fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and long-term loans are recognized as liabilities in the governmental fund financial statements when due.

Current Loans

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

Debt Issuance Costs, Premiums, and Discounts

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items and for OPEB related items.

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

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

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

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

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than two 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 \$185,849,767 of restricted net position, which is restricted by enabling legislation.

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 in the cafeteria, and charges to other funds for self-insurance activity. Operating expenses are necessary costs incurred to provide the goods or service that is 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 and business-type activities 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 in 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 San Bernardino bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Change in Accounting Principles

As of July 1, 2020, the District adopted GASB Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the District resulted in a reclassification of the District's student body activities and trust funds from fiduciary to governmental. The effect of the implementation of this standard on beginning fund balance and net position is disclosed in Note 16.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental activities	\$ 525,800,964
Business-type activities	<u>9,435,764</u>
Total deposits and investments	<u><u>\$ 535,236,728</u></u>

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

Cash on hand and in banks	\$ 5,341,808
Cash in revolving	221,910
Investments	<u>529,673,010</u>
Total deposits and investments	<u><u>\$ 535,236,728</u></u>

Policies and Practices

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

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

General Authorizations

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

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

Interest Rate Risk

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

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	Average Maturity in Days
San Bernardino County Treasury Investment Pool	\$ 457,740,557	461
US Bank Money Market Mutual Fund	65,664,184	1
Wells Fargo Advantage Money Market Mutual Funds	3,244,354	16
Wells Fargo Advantage Repurchase Agreement		
Overland Express Sweep Account	3,023,915	1
Total	<u>\$ 529,673,010</u>	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments with the San Bernardino County Treasury Investment Pool is rated AAA/S1 by Fitch Ratings and the Wells Fargo Advantage Money Market Mutual Funds are rated Aaa by Moody's Investor Service. The US Bank Money Market Mutual Fund and Wells Fargo Advantage Repurchase Agreement Overland Express Sweep Account are not rated.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2021, the District's bank balance of \$521,104 held by Bank of America was exposed to custodial credit risk because it was uninsured and collateralized by securities held by pledging financial institution's trust department or agent but not in the name of the District. The remaining bank balance of \$1,217,982 held by other financial institutions was exposed to custodial credit risk because it was uninsured and uncollateralized.

San Bernardino City Unified School District

Notes to Financial Statements

June 30, 2021

Note 3 - Receivables

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

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities	Food Service Enterprise Fund
Federal Government						
Categorical aid	\$ 18,496,919	\$ -	\$ 321,586	\$ -	\$ 18,818,505	\$ 3,726,415
State Government						
LCFF apportionment	100,941,988	-	-	-	100,941,988	-
Categorical aid	21,082,023	-	619,691	-	21,701,714	225,874
Lottery	3,171,492	-	-	-	3,171,492	-
Special Education	11,800,237	-	-	-	11,800,237	-
Local Government						
Interest	261,821	176,605	117,086	176,187	731,699	-
Other Local Sources						
Other	3,736,627	-	283,364	38,795	4,058,786	25,541
Total	<u>\$ 159,491,107</u>	<u>\$ 176,605</u>	<u>\$ 1,341,727</u>	<u>\$ 214,982</u>	<u>\$ 161,224,421</u>	<u>\$ 3,977,830</u>

San Bernardino City Unified School District

Notes to Financial Statements

June 30, 2021

Note 4 - Capital Assets

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

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 32,151,833	\$ -	\$ -	\$ 32,151,833
Construction in process	18,431,766	16,248,790	10,392,539	24,288,017
Total capital assets not being depreciated	50,583,599	16,248,790	10,392,539	56,439,850
Capital assets being depreciated				
Land improvements	85,951,855	14,066,881	-	100,018,736
Buildings and improvements	1,126,352,671	42,030	-	1,126,394,701
Furniture and equipment	39,252,963	1,660,803	99,695	40,814,071
Total capital assets being depreciated	1,251,557,489	15,769,714	99,695	1,267,227,508
Less accumulated depreciation				
Land improvements	42,120,600	2,901,817	-	45,022,417
Buildings and improvements	274,429,560	28,240,775	-	302,670,335
Furniture and equipment	24,228,148	2,976,112	89,056	27,115,204
Total accumulated depreciation	340,778,308	34,118,704	89,056	374,807,956
Governmental activities capital assets, net	<u>\$ 961,362,780</u>	<u>\$ (2,100,200)</u>	<u>\$ 10,403,178</u>	<u>\$ 948,859,402</u>
Business-Type Activities				
Capital assets not being depreciated				
Buildings and improvements	\$ 8,841,937	\$ -	\$ -	\$ 8,841,937
Furniture and equipment	8,969,299	332,954	230,015	9,072,238
Total capital assets being depreciated	17,811,236	332,954	230,015	17,914,175
Less accumulated depreciation				
Buildings and improvements	7,242,684	441,402	-	7,684,086
Furniture and equipment	7,704,389	386,575	230,015	7,860,949
Total accumulated depreciation	14,947,073	827,977	230,015	15,545,035
Business-type activities capital assets, net	<u>\$ 2,864,163</u>	<u>\$ (495,023)</u>	<u>\$ -</u>	<u>\$ 2,369,140</u>

Depreciation expense was charged to governmental and business-type functions as follows:

Governmental Activities		
Instruction		\$ 30,706,834
All other pupil services		682,374
All other general administration		341,187
Plant services		2,388,309
Total depreciation expenses governmental activities		<u>34,118,704</u>
Business-Type Activities		
Food services		<u>827,977</u>
Total depreciation expenses all activities		<u>\$ 34,946,681</u>

Note 5 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2021, between major and non-major governmental funds, enterprise funds, and internal service funds, are as follows:

Due To	Due From					Total
	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Food Service Enterprise Fund	
General Fund	\$ -	\$ 27,030	\$ 887,568	\$ 5,111	\$ 1,581,947	\$ 2,501,656
Building Fund	-	-	4,263	-	-	4,263
Non-Major Governmental Funds	239,844	-	-	-	-	239,844
Internal Service Fund	1,537,467	-	-	-	-	1,537,467
Total	<u>\$ 1,777,311</u>	<u>\$ 27,030</u>	<u>\$ 891,831</u>	<u>\$ 5,111</u>	<u>\$ 1,581,947</u>	<u>\$ 4,283,230</u>

The balance of \$1,581,947 due to the General Fund from the Food Service Enterprise Fund resulted from payroll, indirect costs, benefits, and other operating costs.

The balance of \$290,541 due to the General Fund from the Adult Education Non-Major Governmental Fund resulted from payroll, indirect costs, benefits and other operating costs.

The balance of \$587,649 due to the General Fund from the Child Development Non-Major Governmental Fund resulted from indirect costs, benefits, and other operating costs.

A balance of \$239,841 due to the Adult Education Non-Major Governmental Fund from the General Fund resulted from operating contributions.

The balance of \$1,537,467 due to the Internal Service Fund from the General Fund was for worker's compensation and other postemployment benefit charges.

All remaining balances resulted for 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.

San Bernardino City Unified School District

Notes to Financial Statements

June 30, 2021

Operating Transfers

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

Transfer To	Transfer From			Total
	General Fund	Building Fund	Non-Major Governmental Funds	
Building Fund	\$ -	\$ -	\$ 3,719,232	\$ 3,719,232
Non-Major Governmental Funds	239,841	112	1,017,464	1,257,417
Total	<u>\$ 239,841</u>	<u>\$ 112</u>	<u>\$ 4,736,696</u>	<u>\$ 4,976,649</u>

The General Fund transferred to the Adult Education Non-Major Governmental Fund for operating contribution.	\$ 239,841
The County School Facilities Non-Major Governmental Fund transferred eligible construction costs to the Building Fund.	3,719,232
The Building Fund transferred reimbursement of qualified expenditures to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects.	112
The County School Facilities Non-Major Governmental Fund transferred eligible construction project costs to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects.	<u>1,017,464</u>
Total	<u>\$ 4,976,649</u>

Note 6 - Accounts Payable

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

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities	Food Service Enterprise Fund
Accrued salaries and benefits	\$ 38,994,905	\$ -	\$ 744,548	\$ 194	\$ 39,739,647	\$ -
LCFF apportionment	49,114,947	-	-	-	49,114,947	-
Books and supplies	23,611,482	-	190,386	1,474	23,803,342	384,185
Services and other operating	20,280,324	744,289	282,082	349,363	21,656,058	673,191
Construction	3,846,367	1,188,418	341,069	-	5,375,854	-
Other vendor payables	9,531,265	-	267,635	-	9,798,900	-
Total	<u>\$ 145,379,290</u>	<u>\$ 1,932,707</u>	<u>\$ 1,825,720</u>	<u>\$ 351,031</u>	<u>\$ 149,488,748</u>	<u>\$ 1,057,376</u>

Note 7 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total Governmental Activities	Food Service Enterprise Fund
Federal financial assistance	\$ 12,550,421	\$ -	\$ 12,550,421	\$ -
State categorical aid	3,204,325	274,096	3,478,421	-
Other local	601,214	418,572	1,019,786	27,372
Total	<u>\$ 16,355,960</u>	<u>\$ 692,668</u>	<u>\$ 17,048,628</u>	<u>\$ 27,372</u>

Note 8 - Tax Revenue Anticipation Notes

On April 20, 2021, the District issued \$72,250,000 of Tax and Revenue Anticipation notes bearing interest at 2.00 percent. The notes were issued to supplement cash flows. Interest and principal are due and payable on December 31, 2021. As of June 30, 2021, the District had \$72,250,000 in Tax and Revenue Anticipation Notes outstanding.

Changes in the outstanding liabilities for the Tax and Revenue Anticipation Notes are as follows:

Issue Date	Rate	Maturity Date	Outstanding July 1, 2020	Additions	Payments	Outstanding June 30, 2021
4/20/2021	2.00%	12/30/2021	<u>\$ -</u>	<u>\$ 72,250,000</u>	<u>\$ -</u>	<u>\$ 72,250,000</u>

Note 9 - Long-Term Liabilities Other than OPEB and Pensions**Summary**

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

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Due in One Year
Governmental Activities					
General obligation bonds	\$ 271,721,851	\$147,320,731	\$ 89,844,953	\$ 329,197,629	\$ 12,225,000
Premium on issuance	16,578,110	2,938,461	6,002,450	13,514,121	-
Certificates of participation	96,515,000	-	6,515,000	90,000,000	6,615,000
Discount on issuance	(226,343)	-	(39,944)	(186,399)	-
Premium on issuance	12,609,124	-	700,507	11,908,617	-
Compensated absences	5,875,504	2,738,901	-	8,614,405	-
Claims liability	23,809,230	6,904,650	2,863,605	27,850,275	2,863,605
SELF assessment	-	904,018	301,316	602,702	301,316
Total	<u>\$ 426,882,476</u>	<u>\$160,806,761</u>	<u>\$ 106,187,887</u>	<u>\$ 481,501,350</u>	<u>\$ 22,004,921</u>

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. 2011 certificates of participations (COPs) are paid from the Building Fund and 2019 COPs are paid by the General Fund. The compensated absences will be paid by the fund for which the employee worked, which includes the General Fund, Adult Education Fund, and Child Development Fund. Claims liability and SELF assessment are paid by the Internal Service Fund.

San Bernardino City Unified School District

Notes to Financial Statements

June 30, 2021

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2020	Issued	Accreted	Redeemed	Bonds Outstanding June 30, 2021
5/1/03	8/1/27	1.10 - 5.46%	\$ 15,000,000	\$ 18,887,688	\$ -	\$ 987,413	\$ 1,640,000	\$ 18,235,101
9/16/04	8/1/29	1.25 - 5.46%	44,999,498	1,716,373	-	153,937	-	1,870,310
5/18/06	8/1/30	4.50 - 5.15%	67,999,967	5,212,833	-	438,929	-	5,651,762
3/14/07	8/1/30	3.77 - 4.74%	9,997,217	13,994,953	-	-	13,994,953	-
3/3/11	8/1/42	7.41 - 7.50%	11,525,419	23,931,818	-	1,822,088	-	25,753,906
3/3/11	8/1/35	7.41 - 7.50%	5,477,434	12,878,186	-	1,168,364	-	14,046,550
5/22/13	8/1/28	2.00 - 5.00%	86,000,000	63,285,000	-	-	36,385,000	26,900,000
6/12/13	8/1/37	2.00 - 4.00%	30,150,000	29,800,000	-	-	29,800,000	-
6/12/13	8/1/27	0.99 - 4.66%	12,515,000	7,160,000	-	-	4,665,000	2,495,000
8/7/14	8/1/28	2.00-5.00%	24,705,000	14,745,000	-	-	1,695,000	13,050,000
7/15/15	8/1/40	2.00-5.00%	32,495,000	29,725,000	-	-	-	29,725,000
10/31/17	8/1/42	3.00-5.00%	31,550,000	30,750,000	-	-	480,000	30,270,000
10/31/17	8/1/42	4.00-5.00%	21,085,000	19,635,000	-	-	1,185,000	18,450,000
9/24/20	8/1/44	3.00%	35,000,000	-	35,000,000	-	-	35,000,000
9/24/20	8/1/37	0.49-2.73%	20,185,000	-	20,185,000	-	-	20,185,000
9/24/20	8/1/31	1.25-4.00%	13,250,000	-	13,250,000	-	-	13,250,000
9/24/20	8/1/37	0.49-2.72%	74,315,000	-	74,315,000	-	-	74,315,000
				<u>\$271,721,851</u>	<u>\$142,750,000</u>	<u>\$ 4,570,731</u>	<u>\$ 89,844,953</u>	<u>\$ 329,197,629</u>

1999 General Obligation Bonds, Series C

On May 1, 2003, the District issued the \$15,000,000 1999 General Obligations Bonds, Series C. The Series C bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting \$16,775,000, and an aggregate principal debt service balance of \$31,775,000. The bonds have a final maturity which occurs on August 1, 2027, with interest rates of 1.10 to 5.46 percent. Proceeds from the sale of the bonds were used to finance the construction, renovation, and repair of certain school facilities.

On September 16, 2004, the District issued the 2004 General Obligation Refunding Bonds in the amount of \$37,055,000. Bond proceeds from this issuance were used to refund \$7,160,000 of the outstanding 1999 General Obligation Bonds, Series C. At June 30, 2021, 1999 General Obligation Bonds, Series C totaling \$18,235,101 (including accretion) were still outstanding. Unamortized premium received on issuance amounted to \$129,551.

2004 General Obligation Bonds, Series A

On September 16, 2004, the District issued the 2004 General Obligation Bonds, Series A, in the amount of \$44,999,498. The Series A bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting \$3,910,000, and an aggregate principal debt service balance of \$48,415,000. The bonds have a final maturity which occurs on August 1, 2029, with interest rates of 1.25 to 5.46 percent. The bonds were issued to fund the construction, renovation, and repair of certain District facilities and the prepayment of \$57,000,000 of the District's outstanding Certificates of Participation (School Facility Bridge Funding Program).

During the 2014-2015 fiscal year, proceeds from the 2014 General Obligation Refunding Bonds were used to provide advance refunding of all outstanding current interest bonds, leaving only the capital appreciation bonds outstanding. At June 30, 2021, 2004 General Obligation Bonds, Series A, totaling \$1,870,310 (including accretion) were still outstanding.

2004 General Obligation Bonds, Series B

On May 18, 2006, the District issued \$67,999,967 of 2004 General Obligation Bonds, Series B. The Series B represents the second series of the authorized bonds not to exceed \$140,000,000 to be issued under the measure as approved by voters. The bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting \$14,480,033, and an aggregate principal debt service balance of \$82,480,000. In 2013, \$59,995,000 was refunded using proceeds from the 2013 Refunding General Obligation Bonds.

The bonds have a final maturity which occurs on August 1, 2030, with interest rates of 4.50 to 5.15 percent. Proceeds from the sale of the bonds were used to finance the construction, renovation, and repair of certain school facilities. At June 30, 2021, the principal balance outstanding (including accretion) was \$5,651,762. Unamortized premium received on issuance amounted to \$2,241,690.

2004 General Obligation Bonds, Series C

On March 14, 2007, the District issued \$9,997,217 of 2004 General Obligation Bonds, Series C. The Series C represents the third series of the authorized bonds not to exceed \$140,000,000 to be issued under the measure as approved by voters. The bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting \$13,802,783, and an aggregate principal debt service balance of \$23,800,000. During the 2020-2021 fiscal year, proceeds from the 2020 General Obligation Refunding Bonds, Series A were used to provide advance refunding of all outstanding bonds, including accretion.

2004 General Obligation Bonds, Series D

On March 3, 2011, the District issued the 2004 General Obligation Bonds, Series D, in the amount of \$11,525,419. The Series D represents the fourth series of authorized bonds not to exceed \$140,000,000 to be issued under the measure as approved by voters. The Series D bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting to \$79,784,581, and an aggregate principal debt service balance of \$91,310,000.

The bonds have a final maturity which occurs on August 1, 2042, with interest rates of 7.41 to 7.50 percent. Proceeds from the sale of the bonds were used to finance the construction, renovation, and repair of certain school facilities. At June 30, 2021, the principal balance outstanding (including accretion) was \$25,753,906. Unamortized premium received on issuance amounted to \$342,513.

2004 General Obligation Bonds, Series E

On March 3, 2011, the District issued the 2004 General Obligation Bonds, Series E, in the amount of \$5,477,434. The Series E represents the fifth series of authorized bonds not to exceed \$140,000,000 to be issued under the measure as approved by voters. The Series E bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting \$35,157,566, and an aggregate principal debt service balance of \$40,635,000.

The bonds have a final maturity which occurs on August 1, 2035, with interest rates of 7.41 to 7.50 percent. Proceeds from the sale of the bonds were used to fund capitalized interest and to pay the premiums of bond insurance and a reserve surety bond for the 2011 Certificates of Participation Series A. At June 30, 2021, the principal balance outstanding (including accretion) was \$14,046,550. Unamortized premium on issuance amounted to \$134,641.

2013 Refunding General Obligation Bonds

On May 22, 2013, the District issued 2013 Refunding General Obligation Bonds in the amount of \$86,000,000. The refunding bonds were issued as current interest bonds. The bonds have a final maturity which occurs on August 1, 2028, with interest rates ranging from 2.00 to 5.00 percent. Proceeds from the sale of bonds were used to provide current refunding of \$13,730,000, \$16,175,000, and \$59,995,000 for the 2004 Refunding General Obligation Bonds, 2004 General Obligation Bonds, Series A, and 2004 General Obligation Bonds, Series B, respectively.

During the 2020-2021 fiscal year, proceeds from the 2020 General Obligation Refunding Bonds, Series B were used to provide partial advance refunding of \$31,020,000 bonds. As of June 30, 2021, the principal balance outstanding was \$26,900,000. Unamortized premium received on issuance and deferred charge on refunding were \$2,940,716 and \$1,958,826, respectively.

2012 General Obligation Bonds, Series A

On June 12, 2013, the District issued the 2012 General Obligation Bonds, Series A in the amount of \$30,150,000. The Series A represents the first series of authorized bonds not to exceed \$250,000,000 to be issued under the measure as approved by voters. The bonds have a final maturity which occurs on August 1, 2037, with interest rates of 2.00 to 4.00 percent. The bonds were used to fund the construction, renovation, and repair of certain District facilities. During the 2020-2021 fiscal year, proceeds from the District's 2020 General Obligation Refunding Bonds, Series B were used to provide advance refunding of all outstanding bonds.

2012 General Obligation Bonds, Series B

On June 12, 2013, the District issued the 2012 General Obligation Bonds, Series B in the amount of \$12,515,000. The Series B represents the second series of authorized bonds not to exceed \$250,000,000 to be issued under the measure as approved by voters. The bonds have a final maturity which occurs on August 1, 2027, with interest rates of 0.99 to 4.66 percent. The bonds were issued to fund the construction, renovation, and repair of certain District facilities.

During the 2020-2021 fiscal year, proceeds from the District's 2020 General Obligation Refunding Bonds, Series B were used to provide partial advance refunding of \$4,065,000 bonds. At June 30, 2021, 2012 General Obligation Bonds, Series B, totaling \$2,495,000 were still outstanding.

2014 Refunding General Obligation Bonds

On August 7, 2014, the District issued 2014 Refunding General Obligation Bonds in the amount of \$24,705,000. The refunding bonds were issued as current interest bonds. The bonds have a final maturity which occurs on August 1, 2028 with interest rates of 2.00 to 5.00 percent. Proceeds from the sale of the bonds were used to provide advance refunding of the District's 2004 General Obligation Bonds, Series A and 2004 General Obligation Refunding Bonds in the amount of \$14,685,000 and \$12,470,000, respectively. As of June 30, 2021, the principal balance outstanding was \$13,050,000, and unamortized premium received on issuance and deferred charge on refunding were \$1,395,953 and \$68,009, respectively.

2012 General Obligation Bonds, Series C

On July 15, 2015, the District issued the 2012 General Obligation Bonds, Series C in the amount of \$32,495,000. The Series C represents the third series of authorized bonds not to exceed \$250,000,000 to be issued under the measure as approved by voters. The bonds have a final maturity which occurs on August 1, 2040, with interest rates of 2.00 to 5.00 percent. The bonds were issued to fund the construction, renovation, and repair of certain District facilities. At June 30, 2021, 2012 General Obligation Bonds, Series C, totaling \$29,725,000 were still outstanding. Unamortized premium received on issuance was \$1,496,876.

2012 General Obligation Bonds, Series D

On October 31, 2017, the District issued \$31,550,000 2012 General Obligation Bonds, Series D. The bonds were issued as current interest bonds. The bonds have a final maturity to occur on August 1, 2042, with interest rates from 3.00 to 5.00 percent. Proceeds from sale of bonds will be used to finance the acquisition, construction, modernization and equipping of District sites and facilities and pay the cost of issuing the Bonds. At June 30, 2021, 2012 General Obligation Bonds, Series D, totaling \$30,270,000 were still outstanding. Unamortized premium received on issuance was \$1,429,613.

2012 General Obligation Bonds, Series E

On October 31, 2017, the District issued \$21,085,000 2012 General Obligation Bonds, Series E. The bonds were issued as current interest bonds. The bonds have a final maturity to occur on August 1, 2042, with interest rates from 4.00 to 5.00 percent. Proceeds from sale of bonds will be used to pay certain lease payments with respect to the District's outstanding Taxable Certificates of Participation, 2011 Series A (Direct Subsidy Qualified School Construction Bonds) and to pay the cost of issuing the Bonds. At June 30, 2021, 2012 General Obligation Bonds, Series E, totaling \$18,450,000 were still outstanding. Unamortized premium received on issuance was \$665,031.

2012 General Obligation Bonds, Series F

On September 24, 2020, the District issued \$35,000,000 2012 General Obligation Bonds, Series F. The bonds were issued as current interest bonds. The bonds were issued at an aggregate price of \$36,281,589 (representing the principal amount of \$35,000,000 plus premium of \$1,643,950, less cost of issuance of \$362,361). The bonds have a final maturity to occur on August 1, 2044, with an interest rate at 3.00 percent. Proceeds from sale of bonds will be used to finance the acquisition, construction, repair, furnishing and equipping of the District sites and facilities, and pay the costs of issuing the bonds. At June 30, 2021, 2012 General Obligation Bonds, Series F, totaling \$35,000,000 were still outstanding. Unamortized premium received on issuance was \$1,572,474.

2012 General Obligation Bonds, Series G

On September 24, 2020, the District issued \$20,185,000 2012 General Obligation Bonds, Series G. The bonds were issued as current interest bonds. The bonds were issued at an aggregate price of \$19,975,537 (representing the principal amount of \$20,185,000 less cost of issuance of \$209,463). The bonds have a final maturity to occur on August 1, 2037, with interest rates ranging from 0.489 to 2.732 percent. Proceeds from sale of bonds will be used to pay certain of the lease payments with respect to the District's outstanding Taxable Certificates of Participation, 2011 Series A (Direct Subsidy Qualified School Construction Bonds) and pay the costs of issuing the bonds. At June 30, 2021, 2012 General Obligation Bonds, Series G, totaling \$20,185,000 were still outstanding.

2020 General Obligation Refunding Bonds, Series A

On September 24, 2020, the District issued \$13,250,000 2020 General Obligation Refunding Bonds, Series A. The bonds were issued as current interest bonds. The bonds were issued at an aggregate price of \$14,406,616 (representing the principal amount of \$13,250,000 plus premium of \$1,294,511, less cost of issuance of \$135,895). The bonds have a final maturity to occur on August 1, 2031, with interest rates ranging from 1.25 to 4.00 percent. Proceeds from the bonds will be used to refund certain of the District's outstanding prior bonds and pay the costs of issuing the Refunding Bonds. The refunding combined with 2020 General Obligation Refunding Bonds, Series B, resulted in cumulative cash flow saving of \$10,912,284 over the life of the new debt and an economic gain of \$8,789,841 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.193 percent. At June 30, 2021, the principal balance outstanding of the 2020 General Obligation Refunding Bonds, Series A was \$13,250,000 and unamortized premium on issuance was \$1,165,060.

2020 General Obligation Refunding Bonds, Series B

On September 24, 2020, the District issued \$74,315,000 2020 General Obligation Refunding Bonds, Series B. The bonds were issued as current interest bonds. The bonds were issued at an aggregate price of \$73,644,877 (representing the principal amount of \$74,315,000 less cost of issuance of \$670,123). The bonds have a final maturity to occur on August 1, 2037, with interest rates ranging from 0.429 to 2.722 percent. Proceeds from the bonds will be used to refund certain of the District's outstanding prior bonds and pay the costs of issuing the Refunding Bonds. The refunding combined with 2020 General Obligation Refunding Bonds, Series A, resulted in cumulative cash flow saving of \$10,912,284 over the life of the new debt and an economic gain of \$8,789,841 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.193 percent. At June 30, 2021, the principal balance outstanding of the 2020 General Obligation Refunding Bonds, Series B was \$74,315,000.

Debt Service Requirements to Maturity

The bonds mature through 2045 as follows:

<u>Fiscal Year</u>	<u>Principal Including Accreted Interest to Date</u>	<u>Accreted Interest</u>	<u>Current Interest to Maturity</u>	<u>Total</u>
2022	\$ 14,145,353	\$ 44,647	\$ 10,191,287	\$ 24,381,287
2023	14,948,361	141,639	9,546,875	24,636,875
2024	15,367,503	247,497	8,936,119	24,551,119
2025	15,951,500	363,500	7,520,531	23,835,531
2026	15,847,850	1,047,150	6,418,800	23,313,800
2027-2031	70,731,607	10,923,393	27,587,157	109,242,157
2032-2036	61,239,109	31,060,891	20,897,935	113,197,935
2037-2041	67,674,426	48,165,574	13,471,662	129,311,662
2042-2045	53,291,920	12,918,080	3,244,000	69,454,000
Total	<u>\$ 329,197,629</u>	<u>\$ 104,912,371</u>	<u>\$ 107,814,366</u>	<u>\$ 541,924,366</u>

Certificates of Participation

<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Bonds Outstanding July 1, 2020</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Bonds Outstanding June 30, 2021</u>
3/3/11	2/1/26	7.903-8.403%	\$53,080,000	\$ 36,700,000	\$ -	\$ 5,725,000	\$ 30,975,000
6/27/19	10/1/38	3.00-5.00%	62,705,000	59,815,000	-	790,000	59,025,000
				<u>\$ 96,515,000</u>	<u>\$ -</u>	<u>\$ 6,515,000</u>	<u>\$ 90,000,000</u>

2011 Certificates of Participation, Series A

On March 3, 2011, the San Bernardino Schools Financing Corporation issued the 2011 Certificates of Participation Series A in the amount of \$53,080,000. The certificates have a final maturity date of February 1, 2026, with interest rates ranging from 7.903 to 8.403 percent. Proceeds from the sale of certificates were used to finance the construction, renovation, and repair of certain school facilities. At June 30, 2021, the principal balance outstanding was \$30,975,000. Unamortized discount on issuance amounted to \$186,399.

2019 Certificates of Participation

On June 27, 2019, the San Bernardino Schools Financing Corporation issued 2019 Certificates of Participation in the amount of \$62,705,000. The certificates have a final maturity date of October 1, 2038, with interest rates ranging from 3.00 to 5.00 percent. Proceeds from the sale of certificates will be used to finance capital improvements to the District sites and facilities, purchase a municipal bond debt service reserve fund insurance policy for deposit in the debt service reserve fund established for the Certificates, and pay certain costs related to the execution and delivery of the Certificates. At June 30, 2021, the principal balance outstanding was \$59,025,000. Unamortized premium on issuance amounted to \$11,908,617.

Debt Service Requirements to Maturity

The certificates mature through 2039 as follows:

Year Ending June 30,	Principal	Current Interest to Maturity	Total
2022	\$ 6,615,000	\$ 5,450,124	\$ 12,065,124
2023	7,015,000	4,942,863	11,957,863
2024	7,435,000	4,402,225	11,837,225
2025	1,525,000	3,828,587	5,353,587
2026	14,720,000	3,220,322	17,940,322
2027-2031	13,715,000	11,613,125	25,328,125
2032-2036	21,405,000	7,206,375	28,611,375
2037-2039	17,570,000	1,362,750	18,932,750
Total	<u>\$ 90,000,000</u>	<u>\$ 42,026,371</u>	<u>\$ 132,026,371</u>

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2021, amounted to \$8,614,405.

Claims Liability

Liabilities associated with workers' compensation claims are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are based upon estimated ultimate cost of settling the claims, considering recent claim settlement trends including the frequency and amount of payouts and other economic and social factors. The liability for workers' compensation claims is reported in the Internal Service Fund. The outstanding claims liability at June 30, 2021, amounted to \$27,850,275, using a discount factor of 1.7 percent. See Note 12 for additional details.

SELF Assessment

The District is a member of School Excess Liability Fund (SELF), a cost sharing Joint Powers Authority (JPA) for the purpose of providing the District workers' compensation insurance. The SELF board of directors declared an equity assessment to the member districts. At June 30, 2021, the District's obligation on their pro-rata share of equity assessed was \$602,702.

Note 10 - Other Postemployment Benefit (OPEB) Liability

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

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 120,032,930	\$ 23,711,733	\$ 1,525,505	\$ 13,272,804
Medicare Premium Payment (MPP) Program	4,009,174	-	-	395,984
Total	<u>\$ 124,042,104</u>	<u>\$ 23,711,733</u>	<u>\$ 1,525,505</u>	<u>\$ 13,668,788</u>

The details of each plan are as follows:

District Plan**Plan Administration**

The California Public Employees' Retirement System (CalPERS) administers the San Bernardino City Unified School District's Postemployment Benefits Plan (the Plan) by maintaining the assets provided and payment at the direction of the District. The Plan is an agent multi-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. Financial information for CalPERS can be found on the CalPERS website at:

<https://calpers.ca.gov/pages/formspublications>.

Management of the trustee assets is vested with the California Public Employees' Retirement System (CalPERS).

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits payments	295
Active employees	<u>4,283</u>
	<u>4,578</u>

Benefits Provided

The Plan provides medical and vision 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.

Contributions

The contribution requirements of the Plan members and the District are established and may be amended by the District, the San Bernardino Teachers Association (SBTA), the local California Service Employees Association (CSEA), and unrepresented groups. The District contributions are based on pay-as-you-go financing requirements, which include the statutory minimum required monthly premium, plus an administrative fee, on behalf of each retiree. In addition, the District makes supplemental contributions towards eligible retirees' premiums until age 65 according to the provisions of the District's agreement with its various employee groups. Any additional contributions are based on availability of funds. For the measurement period of June 30, 2020, the District contributed \$3,755,033 to the Plan, all of which was used for current premiums. For the current fiscal year, the District contributed \$9,011,690 to the plan.

Net OPEB Liability of the District

The District's net OPEB liability of \$120,032,930 was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by a roll-forward actuarial valuation as of June 30, 2019. The components of the net OPEB liability of the District at June 30, 2020, were as follows:

Total OPEB liability	\$ 120,113,501
Plan fiduciary net position	<u>(80,571)</u>
District's net OPEB liability	<u>\$ 120,032,930</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.07%</u>

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
Investment rate of return	2.20 percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	4.00 percent

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.

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.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2019	\$ 100,503,717	\$ 77,863	\$ 100,425,854
Service cost	8,528,220	-	8,528,220
Interest	3,603,322	-	3,603,322
Differences between expected and actual experience	123,469	-	123,469
Contributions-employer	-	3,755,033	(3,755,033)
Net investment income	-	5,449	(5,449)
Investment gain/losses	-	(2,703)	2,703
Changes of assumptions	11,109,806	-	11,109,806
Benefit payments	(3,755,033)	(3,755,033)	-
Administrative expense	-	(38)	38
Net change in total OPEB liability	19,609,784	2,708	19,607,076
Balance at June 30, 2020	\$ 120,113,501	\$ 80,571	\$ 120,032,930

No changes of benefit terms noted.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 percent in 2019 to 2.20 percent in 2020.

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

The following presents the net OPEB liability of the District, as well as what the District's 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 (1.20%)	\$ 126,909,685
Current discount rate (2.20%)	120,032,930
1% increase (3.20%)	111,212,380

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the District, as well as what the District's net 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	Net OPEB Liability
1% decrease (3.00%)	\$ 113,756,352
Current healthcare cost trend rate (4.00%)	120,032,930
1% increase (5.00%)	125,235,720

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$13,272,804. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 9,011,690	\$ -
Differences between expected and actual experience	2,771,692	-
Changes of assumptions	11,926,189	1,523,334
Net difference between projected and actual earnings on OPEB plan investments	2,162	2,171
Total	<u>\$ 23,711,733</u>	<u>\$ 1,525,505</u>

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

The deferred inflows of resources for change of assumptions and the net difference between projected and actual earnings on OPEB plan investments will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 1,146,673
2023	1,146,673
2024	1,147,241
2025	1,147,584
2026	1,147,045
Thereafter	7,439,322
Total	<u>\$ 13,174,538</u>

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2021, the District reported a liability of \$4,009,174 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.9460 percent, and 0.9703 percent, resulting in a net decrease in the proportionate share of 0.0243 percent.

For the year ended June 30, 2021, the District recognized OPEB expense of \$395,984.

Actuarial Methods and Assumptions

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

Measurement Date	June 30, 2020	June 30, 2019
Valuation Date	June 30, 2019	June 30, 2018
Experience Study	June 30, 2014, through June 30, 2018	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.21%	3.50%
Medicare Part A Premium Cost Trend Rate	4.50%	3.70%
Medicare Part B Premium Cost Trend Rate	5.40%	4.10%

For the valuation as of June 30, 2019, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 294 or an average of 0.18 percent of the potentially eligible population (159,339).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2020, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

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

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

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

Discount Rate	Net OPEB Liability
1% decrease (1.21%)	\$ 4,433,257
Current discount rate (2.21%)	4,009,174
1% increase (3.21%)	3,648,309

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 rate, 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 (3.50% Part A and 4.40% Part B)	\$ 3,635,253
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	4,009,174
1% increase (5.50% Part A and 6.40% Part B)	4,439,624

Note 11 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Capital Projects Fund For Blended Component Units	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 211,000	\$ -	\$ -	\$ 1,400	\$ 212,400
Stores inventories	-	-	-	82,536	82,536
Prepaid expenditures	14,876	-	-	-	14,876
Total nonspendable	225,876	-	-	83,936	309,812
Restricted					
Legally restricted programs	56,378,014	-	-	9,224,686	65,602,700
Capital projects	-	78,681,123	63,830,610	38,595,452	181,107,185
Debt services	-	-	-	26,480,137	26,480,137
Total restricted	56,378,014	78,681,123	63,830,610	74,300,275	273,190,022
Assigned					
Deferred maintenance	1,244,072	-	-	-	1,244,072
District spending	65,028,582	-	-	-	65,028,582
Other	411,161	-	-	63,142	474,303
Adult education	-	-	-	95,181	95,181
Future capital projects	-	-	-	6,640,150	6,640,150
Total assigned	66,683,815	-	-	6,798,473	73,482,288
Unassigned					
Reserve for economic uncertainties	15,200,000	-	-	-	15,200,000
Total	\$ 138,487,705	\$ 78,681,123	\$ 63,830,610	\$ 81,182,684	\$ 362,182,122

Note 12 - Risk Management**Property and Liability**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2021, the District participated in the Southern California Schools Risk Management (SCSRM) public risk entity pool for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2021, the District was self-funded for workers' compensation, with excess coverage provided by the Schools Excess Liability Fund (SELF) public entity risk pool.

Employee Medical Benefits

The District has contracted with Kaiser and Health Net to provide employee medical and surgical benefits, and Delta Care and Met Life for dental benefits. Additional dental benefits and basic life insurance benefits are provided through the Southern California Schools Employee Benefits Association (SCSEBA) public risk entity pool.

Claims Liabilities

The District records an estimated liability for indemnity torts and other claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not reported based on historical experience.

Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represents the changes in approximate aggregate liabilities for the District from July 1, 2019 to June 30, 2021:

	<u>Workers' Compensation</u>
Liability Balance, July 1, 2019	\$ 21,267,381
Claims and changes in estimates	6,131,795
Claims payments	<u>(3,589,946)</u>
Liability Balance, June 30, 2020	23,809,230
Claims and changes in estimates	6,904,650
Claims payments	<u>(2,863,605)</u>
Liability Balance, June 30, 2021	<u>\$ 27,850,275</u>
Assets available to pay claims at June 30, 2021	<u>\$ 88,091,388</u>

Note 13 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2021, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 526,152,294	\$ 142,457,067	\$ 21,603,489	\$ 78,895,822
CalPERS	217,241,037	39,384,424	2,085,490	47,076,423
CalPERS - Safety Risk Pool	3,868,656	1,609,003	12,887	501,726
Total	<u>\$ 747,261,987</u>	<u>\$ 183,450,494</u>	<u>\$ 23,701,866</u>	<u>\$ 126,473,971</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)**Plan Description**

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program; thus, disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2021, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
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	16.15%	16.15%
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, 2021, are presented above and the District's total contributions were \$48,919,861.

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

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total Net Pension Liability, Including State Share:

District's proportionate share of net pension liability	\$ 526,152,294
State's proportionate share of the net pension liability associated with the District	<u>271,231,570</u>
Total	<u>\$ 797,383,864</u>

The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.5429 percent and 0.5485 percent, resulting in a net decrease in the proportionate share of 0.0056 percent.

For the year ended June 30, 2021, the District recognized pension expense of \$78,895,822. In addition, the District recognized pension expense and revenue of \$37,996,882 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 48,919,861	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	28,803,138	6,765,092
Differences between projected and actual earnings on pension plan investments	12,498,350	-
Differences between expected and actual experience in the measurement of the total pension liability	928,418	14,838,397
Changes of assumptions	<u>51,307,300</u>	<u>-</u>
Total	<u>\$ 142,457,067</u>	<u>\$ 21,603,489</u>

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

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ (7,626,418)
2023	4,258,416
2024	8,496,019
2025	<u>7,370,333</u>
Total	<u>\$ 12,498,350</u>

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:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ 21,690,556
2023	17,283,015
2024	18,204,681
2025	1,436,196
2026	1,742,453
Thereafter	<u>(921,534)</u>
Total	<u>\$ 59,435,367</u>

Actuarial Methods and Assumptions

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

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

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2020, are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 794,942,825
Current discount rate (7.10%)	526,152,294
1% increase (8.10%)	304,227,859

California Public Employees Retirement System (CalPERS)**Plan Description**

Qualified employees are eligible to participate in the School Employer Pool (SEP) and the Safety Risk Pool 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 plans regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation reports, Schools Pool Actuarial Valuation, and the Risk Pool Actuarial Valuation Report, Safety. These reports 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 provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2021, are summarized as follows:

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

The CalPERS Safety Risk Pool provisions and benefits in effect at June 30, 2021, are summarized as follows:

	Safety Risk Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	3% at 55	2.7% at 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	57
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	9.00%	16.50%
Required employer contribution rate	30.591%	16.335%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be 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 through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the total District contributions for CalPERS and CalPERS Safety Risk Pool were \$22,264,356 and \$862,279, respectively.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS and CalPERS Safety Risk Pool net pension liabilities totaling \$217,241,037 and \$3,868,656, respectively. The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively was 0.7080 percent and 0.6943 percent, resulting in a net increase in the proportionate share of 0.0137 percent for CalPERS. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively was 0.0581 percent and 0.0576 percent, resulting in a net increase in the proportionate share of 0.0005 percent for CalPERS Safety Risk Pool.

For the year ended June 30, 2021, the District recognized pension expense of \$47,076,423 for CalPERS and \$501,726 for CalPERS Safety Risk Pool. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalPERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 22,264,356	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,026,681	2,085,490
Differences between projected and actual earnings on pension plan investments	4,522,268	-
Differences between expected and actual experience in the measurement of the total pension liability	10,774,488	-
Changes of assumptions	796,631	-
Total	<u>\$ 39,384,424</u>	<u>\$ 2,085,490</u>

San Bernardino City Unified School District

Notes to Financial Statements

June 30, 2021

	CalPERS Safety Risk Pool	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 862,279	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	362,649	-
Differences between projected and actual earnings on pension plan investments	84,081	-
Differences between expected and actual experience in the measurement of the total pension liability	299,994	-
Changes of assumptions	-	12,887
Total	<u>\$ 1,609,003</u>	<u>\$ 12,887</u>

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

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ (1,692,326)
2023	1,509,495
2024	2,623,750
2025	2,081,349
Total	<u>\$ 4,522,268</u>

Year Ended June 30,	CalPERS Safety Risk Pool Deferred Outflows/(Inflows) of Resources
2022	\$ (38,114)
2023	28,233
2024	51,833
2025	42,129
Total	<u>\$ 84,081</u>

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 7,568,983
2023	2,577,023
2024	355,444
2025	10,860
Total	<u>\$ 10,512,310</u>

Year Ended June 30,	CalPERS Safety Deferred Outflows/(Inflows) of Resources
2022	\$ 402,966
2023	200,245
2024	46,545
Total	<u>\$ 649,756</u>

Actuarial Methods and Assumptions

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

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

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Discount Rate

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

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

CalPERS	
Net Pension Liability	
Discount Rate	
1% decrease (6.15%)	\$ 312,323,605
Current discount rate (7.15%)	217,241,037
1% increase (8.15%)	138,327,277

CalPERS	
Safety Risk Pool	
Net Pension Liability	
Discount Rate	
1% decrease (6.15%)	\$ 5,822,946
Current discount rate (7.15%)	3,868,656
1% increase (8.15%)	2,264,976

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 \$30,695,360 (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.

Public Agency Retirement System

The District also contributes to the Public Agency Retirement System (PARS), 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 employee's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use PARS as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes one percent of an employee's gross earnings. An employee is required to contribute 6.5 percent of his or her gross earnings to the pension plan.

During the year, the District's required and actual contributions amounted to \$45,930, which was one percent of its current-year covered payroll. Employee contributions amounted to \$298,966.

Note 14 - Commitments and Contingencies**Grants**

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

Litigation

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

Construction Commitments

As of June 30, 2021, the District had the following commitments with respect to the unfinished capital projects:

Capital Projects	Remaining Construction Commitments	Expected Date of Completion
Athletic Complex Upgrades-Phase III- Arroyo Valley High School	\$ 125,786	08/31/21
Barton Elementary School Modernization	136,114	07/31/21
BOE Renovation	71,458	06/30/22
Bonnie Oehl Elementary School Modernization	109,603	03/31/22
Bradley Elementary School Modernization	146,884	06/30/24
Cajon High School CTE - Bulding F Projects	422,328	02/28/22
Cole Elementary School Modernization	3,124	07/31/21
Del Rosa - Kinder	92,240	10/31/22
Del Rosa Elementary School Modernization	198,061	10/31/22
Del Vallejo Middle School - Classroom Upgrades	13,250	07/31/21
Del Vallejo Middle School - Lunch Shade Shelter	10,454	06/30/22
District Police Headquarters	192,037	06/30/24
Hunt Elementary School Modernization	52,251	06/30/24
Indian Springs High School CTE	5,460,536	06/30/22
Late Start Lighting	608,057	06/30/24
Martin Luther King Jr. Middle School Modernization	278,730	08/31/21
North Park Elementary School Modernization	1,085	07/31/21
Office Expansion PDC SMART/ WHAA	57,184	02/28/22
Paakuma Expansion	100,192	06/30/24

San Bernardino City Unified School District

Notes to Financial Statements

June 30, 2021

Capital Projects	Remaining Construction Commitments	Expected Date of Completion
Pacific High School - Admin Building	6,923,854	9/30/22
Pacific High School - C West Music Building	36,350	06/30/24
Pacific High School - Modernization	22,697,751	04/30/23
Pacific High School - Performing Arts Center	1,055,614	06/30/24
Pacific High School - Student Center	21,000	06/30/24
Pacific High School CTE - Biomed	565,584	06/30/24
Pacific High School CTE Transportation Building	9,542,161	08/31/22
Prop 39	1,006,359	02/28/22
Rio Vista Elementary School Modernization	125,730	07/31/21
San Bernardino High School CTE	837,057	12/31/22
San Bernardino High School Theatre	301,440	06/30/24
San Gorgonio High School - Tennis Court Fencing Replacement	64,576	06/30/24
San Gorgonio High School CTE - Hospitality & Tourism	7,732	06/30/24
Savant ADA Upgrades	38,411	06/30/22
Serrano Middle School Modernization	1,747	06/30/24
Shandin Hills Middle School Modernization	1,673	06/30/24
Sierra High School Modernization	3,848	06/30/24
Single Point Entry - Davidson Elementary	100,051	09/30/21
Single Point Entry (2 Sites)	129,156	04/30/22
Single Point Entry (4 Sites)	54,723	07/31/21
Single Point Entry (5 Sites)	26,402	07/31/21
Warm Springs Elementary School Modernization	185,740	10/31/22
Welcoming Resources Center	139,000	06/30/24
	<u>\$ 51,945,333</u>	

Note 15 - Participation in Public Entity Risk Pools

The District is a member of the Southern California School's Risk Management (SCSRM), Southern California School's Employees Benefit Association (SCSEBA), and the Schools' Excess Liability Fund (SELF) public entity risk pools. The District pays an annual premium to each entity for its property and liability coverage, dental and life insurance coverage, and excess liability coverage, respectively. The relationships between the District and the pools are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2021, the District made payments of \$3,825,804, \$483,528, and \$301,316 to SCSRM, SCSEBA, and SELF, respectively, for the coverage noted above.

Note 16 - Restatement of Prior Year Net Position and Fund Balance

As of June 30, 2021, the San Bernardino City Unified School District, adopted GASB Statement No. 84, Fiduciary Activities (GASB 84). As a result of implementation of GASB 84, the District has reclassified its associated student body activity previously reported as fiduciary funds to a governmental Fund – Student Activity Fund. In addition, the District has reclassified its trust fund that was previously reported as fiduciary funds to a governmental fund – consolidated into General Fund. The following table describes the effects of the implementation on beginning fund balance/net position.

	General Fund	Non-Major Governmental Funds	Total Governmental Activities
Beginning Fund Balance previously reported at June 30, 2020	\$ 52,087,984	\$ 68,555,197	\$ 229,129,653
Reclassification of Foundation Private-Purpose Trust Fund to governmental fund	408,624	-	408,624
Reclassification of student activity from agency funds to a special revenue fund	-	1,921,573	1,921,573
Fund Balance - Beginning, as Restated at July 1, 2020	<u>\$ 52,496,608</u>	<u>\$ 70,476,770</u>	<u>\$ 231,459,850</u>
Government-Wide Financial Statements			
Governmental Activities			
Net Position - Beginning, previously reported at June 30, 2020			\$ 232,921,358
Reclassification of Foundation Private-Purpose Trust Fund to governmental fund			408,624
Reclassification of student activity from agency funds to a special revenue fund			1,921,573
Net Position - Beginning, as Restated at July 1, 2020			<u>\$ 235,251,555</u>



Required Supplementary Information
June 30, 2021

**San Bernardino City
Unified School District**

San Bernardino City Unified School District

Budgetary Comparison Schedule – General Fund

Year Ended June 30, 2021

	Budgeted Amounts		Actual (GAAP Basis)	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 548,606,013	\$ 551,315,592	\$ 553,463,972	\$ 2,148,380
Federal sources	111,191,928	147,479,326	137,634,081	(9,845,245)
Other State sources	84,803,261	105,275,748	138,003,799	32,728,051
Other local sources	8,964,641	9,303,597	14,676,338	5,372,741
Total revenues ¹	753,565,843	813,374,263	843,778,190	30,403,927
Expenditures				
Current				
Certificated salaries	308,194,371	310,157,679	309,142,635	1,015,044
Classified salaries	92,011,411	89,016,584	90,032,289	(1,015,705)
Employee benefits	197,165,367	193,026,179	192,586,738	439,441
Books and supplies	43,296,618	79,141,919	70,427,968	8,713,951
Services and operating expenditures	118,401,606	89,247,028	81,461,902	7,785,126
Other outgo	3,137,929	3,246,020	226,466	3,019,554
Capital outlay	1,839,364	11,316,250	8,843,449	2,472,801
Debt service - principal	-	-	790,000	(790,000)
Debt service - interest	-	-	4,035,805	(4,035,805)
Total expenditures ¹	764,046,666	775,151,659	757,547,252	17,604,407
Excess (Deficiency) of Revenues over Expenditures	(10,480,823)	38,222,604	86,230,938	48,008,334
Other Financing Sources (Uses)				
Transfers out	-	-	(239,841)	(239,841)
Net Change in Fund Balance	(10,480,823)	38,222,604	85,991,097	47,768,493
Fund Balance - Beginning	52,496,608	52,496,608	52,496,608	-
Fund Balance - Ending	\$ 42,015,785	\$ 90,719,212	\$ 138,487,705	\$ 47,768,493

¹ As Fund 14, Deferred Maintenance Fund and Fund 73, Foundation Private-Purpose Trust Fund, for reporting purposes have been consolidated into the General Fund, additional revenues and expenditures pertaining to this fund are included in the Actual (GAAP) revenues and expenditures, however, are not included in the original and final General Fund budgets.

San Bernardino City Unified School District
Schedule of Changes in the District's Net OPEB Liability and Related Ratios
Year Ended June 30, 2021

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 8,528,220	\$ 7,283,362	\$ 7,088,430	\$ 6,898,715
Interest	3,603,322	3,420,481	3,229,893	2,744,804
Difference between expected and actual experience	123,469	3,159,537	-	-
Changes of assumptions	11,109,806	2,018,514	(1,989,663)	-
Benefit payments	(3,755,033)	(3,498,325)	(3,322,945)	(3,195,139)
Net change in total OPEB liability	19,609,784	12,383,569	5,005,715	6,448,380
Total OPEB liability - beginning	100,503,717	88,120,148	83,114,433	76,666,053
Total OPEB liability - ending	<u>\$ 120,113,501</u>	<u>\$ 100,503,717</u>	<u>\$ 88,120,148</u>	<u>\$ 83,114,433</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 3,755,033	\$ 3,498,325	\$ 3,322,945	\$ 3,195,139
Net investment income	5,449	2,787	2,578	6,515
Investment gain/losses	(2,703)	1,733	2,830	-
Other	-	-	177	-
Benefit payments	(3,755,033)	(3,498,325)	(3,322,945)	(3,195,139)
Administrative expense	(38)	(16)	(126)	(54)
Net change in plan fiduciary net position	2,708	4,504	5,459	6,461
Plan fiduciary net position - beginning	77,863	73,359	67,900	61,439
Plan fiduciary net position - ending	<u>\$ 80,571</u>	<u>\$ 77,863</u>	<u>\$ 73,359</u>	<u>\$ 67,900</u>
District's net OPEB liability - ending	<u>\$ 120,032,930</u>	<u>\$ 100,425,854</u>	<u>\$ 88,046,789</u>	<u>\$ 83,046,533</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.07%	0.08%	0.08%	0.08%
Covered payroll	<u>\$ 420,534,359</u>	<u>\$ 405,911,512</u>	<u>\$ 403,835,579</u>	<u>\$ 366,519,389</u>
Net OPEB liability as a percentage of covered payroll	28.54%	24.74%	21.80%	22.66%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

San Bernardino City Unified School District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2021

	2021	2020	2019	2018
Year ended June 30,				
Proportion of the net OPEB liability	0.9460%	0.9703%	0.9217%	0.9334%
Proportionate share of the net OPEB liability	\$ 4,009,174	\$ 3,613,190	\$ 3,528,155	\$ 3,927,024
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

¹ As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

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

San Bernardino City Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2021

	2021	2020	2019	2018
CalSTRS				
Proportion of the net pension liability	0.5429%	0.5485%	0.5135%	0.5156%
Proportionate share of the net pension liability	\$ 526,152,294	\$ 495,357,132	\$ 471,976,343	\$ 476,814,851
State's proportionate share of the net pension liability	271,231,570	270,250,386	270,228,530	282,079,638
Total	\$ 797,383,864	\$ 765,607,518	\$ 742,204,873	\$ 758,894,489
Covered payroll	\$ 298,400,292	\$ 294,509,146	\$ 261,948,385	\$ 271,078,657
Proportionate share of the net pension liability as a percentage of its covered payroll	176.32%	168.20%	180.18%	175.90%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
CalPERS				
Proportion of the net pension liability	0.7080%	0.6943%	0.6941%	0.6748%
Proportionate share of the net pension liability	\$ 217,241,037	\$ 202,349,338	\$ 185,064,897	\$ 161,091,171
Covered payroll	\$ 102,438,761	\$ 97,102,757	\$ 93,009,607	\$ 87,645,191
Proportionate share of the net pension liability as a percentage of its covered payroll	212.07%	208.39%	198.97%	183.80%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	71%	72%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
CalPERS- SAFETY RISK POOL				
Proportion of the net pension liability	0.0581%	0.0576%	0.0592%	0.0628%
Proportionate share of the net pension liability	\$ 3,868,656	\$ 3,595,769	\$ 3,475,844	\$ 3,751,888
Covered payroll	\$ 2,264,069	\$ 2,053,305	\$ 2,074,975	\$ 1,853,036
Proportionate share of the net pension liability as a percentage of its covered payroll	170.87%	175.12%	167.51%	202.47%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	71%	72%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

San Bernardino City Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2021

	2017	2016	2015
CalSTRS			
Proportion of the net pension liability	0.5069%	0.5067%	0.4545%
Proportionate share of the net pension liability	\$ 409,953,840	\$ 341,161,128	\$ 265,575,937
State's proportionate share of the net pension liability	233,379,408	180,436,628	160,366,217
Total	<u>\$ 643,333,248</u>	<u>\$ 521,597,756</u>	<u>\$ 425,942,154</u>
Covered payroll	<u>\$ 256,558,229</u>	<u>\$ 235,204,155</u>	<u>\$ 224,057,629</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	159.79%	145.05%	118.53%
Plan fiduciary net position as a percentage of the total pension liability	70%	74%	77%
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS			
Proportion of the net pension liability	0.6771%	0.6606%	0.7166%
Proportionate share of the net pension liability	<u>\$ 133,720,804</u>	<u>\$ 97,352,351</u>	<u>\$ 81,354,671</u>
Covered payroll	<u>\$ 81,804,735</u>	<u>\$ 79,747,749</u>	<u>\$ 69,703,855</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	163.46%	122.08%	116.71%
Plan fiduciary net position as a percentage of the total pension liability	74%	79%	83%
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS- SAFETY RISK POOL			
Proportion of the net pension liability	0.0657%	0.0713%	0.0473%
Proportionate share of the net pension liability	<u>\$ 3,402,716</u>	<u>\$ 2,937,502</u>	<u>\$ 2,941,679</u>
Covered payroll	<u>\$ 1,545,625</u>	<u>\$ 1,192,863</u>	<u>\$ 1,158,119</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	220.15%	246.26%	254.00%
Plan fiduciary net position as a percentage of the total pension liability	74%	78%	79%
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014

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

San Bernardino City Unified School District

Schedule of District Contributions

Year Ended June 30, 2021

	2021	2020	2019	2018
CalSTRS				
Contractually required contribution	\$ 48,919,861	\$ 51,026,450	\$ 47,946,089	\$ 37,799,152
Less contributions in relation to the contractually required contribution	<u>48,919,861</u>	<u>51,026,450</u>	<u>47,946,089</u>	<u>37,799,152</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 302,909,356</u>	<u>\$ 298,400,292</u>	<u>\$ 294,509,146</u>	<u>\$ 261,948,385</u>
Contributions as a percentage of covered payroll	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>
CalPERS				
Contractually required contribution	\$ 22,264,356	\$ 20,201,948	\$ 17,538,700	\$ 14,445,322
Less contributions in relation to the contractually required contribution	<u>22,264,356</u>	<u>20,201,948</u>	<u>17,538,700</u>	<u>14,445,322</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 107,557,275</u>	<u>\$ 102,438,761</u>	<u>\$ 97,102,757</u>	<u>\$ 93,009,607</u>
Contributions as a percentage of covered payroll	<u>20.700%</u>	<u>19.721%</u>	<u>18.062%</u>	<u>15.531%</u>
CalPERS - SAFETY RISK POOL				
Contractually required contribution	\$ 862,279	\$ 559,264	\$ 499,559	\$ 703,070
Less contributions in relation to the contractually required contribution	<u>862,279</u>	<u>559,264</u>	<u>499,559</u>	<u>703,070</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 2,331,095</u>	<u>\$ 2,264,069</u>	<u>\$ 2,053,305</u>	<u>\$ 2,074,975</u>
Contributions as a percentage of covered payroll	<u>36.990%</u>	<u>24.702%</u>	<u>24.330%</u>	<u>33.883%</u>

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

San Bernardino City Unified School District

Schedule of District Contributions

Year Ended June 30, 2021

	2017	2016	2015
CalSTRS			
Contractually required contribution	\$ 34,101,695	\$ 27,528,698	\$ 20,886,129
Less contributions in relation to the contractually required contribution	<u>34,101,695</u>	<u>27,528,698</u>	<u>20,886,129</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 271,078,657</u>	<u>\$ 256,558,229</u>	<u>\$ 235,204,155</u>
Contributions as a percentage of covered payroll	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
CalPERS			
Contractually required contribution	\$ 12,173,917	\$ 9,691,407	\$ 9,386,310
Less contributions in relation to the contractually required contribution	<u>12,173,917</u>	<u>9,691,407</u>	<u>9,386,310</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 87,645,191</u>	<u>\$ 81,804,735</u>	<u>\$ 79,747,749</u>
Contributions as a percentage of covered payroll	<u>13.890%</u>	<u>11.847%</u>	<u>11.770%</u>
CalPERS - SAFETY RISK POOL			
Contractually required contribution	\$ 790,628	\$ 934,869	\$ 729,241
Less contributions in relation to the contractually required contribution	<u>790,628</u>	<u>934,869</u>	<u>729,241</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 1,853,036</u>	<u>\$ 1,545,625</u>	<u>\$ 1,192,863</u>
Contributions as a percentage of covered payroll	<u>42.667%</u>	<u>60.485%</u>	<u>61.134%</u>

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

Schedule of Changes in the District's Net OPEB Liability and Related Ratios

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

- *Changes in Benefit Terms* – No changes noted in benefit terms.
- *Changes of Assumptions* – Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 percent in 2019 to 2.20 percent in 2020.

Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the District's proportionate share of the net OPEB Liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- *Changes in 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 3.50 percent to 2.21 percent since the previous valuation.

Schedule of the District's Proportionate Share of the Net Pension Liability

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

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* – There were no changes in economic assumptions for either 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, 2021

**San Bernardino City
Unified School District**

San Bernardino City Unified School District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. Department of Education			
Indian Education	84.060A	[1]	\$ 76,851
Passed through California Department of Education (CDE)			
Adult Education - Basic Grants to States ELA	84.002A	14508	514,217
Adult Education - Basic Grants to States Secondary	84.002	13978	341,484
Subtotal			855,701
Title I Grant to Local Educational Agencies - Low Income and Neglected	84.010	14329	30,460,716
Title I Grant to Local Educational Agencies - School Improvement Funding	84.010	15438	1,778,450
Subtotal			32,239,166
English Language Acquisition State Grants - Immigrant Student Program	84.365	15146	63,760
English Language Acquisition State Grants - English Learner Student Program	84.365	14346	1,013,917
Subtotal			1,077,677
Twenty-First Century Community Learning Centers - High School ASSETs	84.287	14535	782,709
Twenty-First Century Community Learning Centers - ASSETs Equitable Access	84.287	14603	25,000
Twenty-First Century Community Learning Centers	84.287	14349	1,229,189
Subtotal			2,036,898
Special Education (IDEA) Cluster			
Special Education Grants to States - Basic Local Assistance	84.027	13379	10,277,236
Special Education Preschool Grants	84.173	13430	170,772
Special Education Grants to States - Mental Health	84.027A	15197	570,278
Special Education Preschool Grants - Preschool Staff Development	84.173A	13431	1,000
Subtotal Special Education (IDEA) Cluster			11,019,286

[1] Direct award, no PCA number

San Bernardino City Unified School District

Schedule of Expenditures of Federal Awards

June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
Special Education - Grants for Infants and Families	84.181	23761	59,697
Career and Technical Education - Basic Grants to State	84.048	14894	634,936
Student Support and Academic Enrichment Program	84.424	15396	2,041,848
Supporting Effective Instruction State Grants	84.367	14341	3,062,363
Passed through California Department of Rehabilitation Workability II, Transition Partnership	84.126A	10006	373,302
Vocational Rehabilitation Services Program	84.126A	[2]	21,420
Subtotal			394,722
Education Stabilization Fund			
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	22,382,948
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	2,796,380
COVID-19 Governor's Emergency Education Relief Fund: Learning Loss Mitigation	84.425C	15517	1,259,583
COVID-19 Child Nutrition: COVID CARES Act Supplemental Meal Reimbursement	84.425D	15535	814,362
Subtotal			27,253,273
Total U.S. Department of Education			80,752,418
U.S. Department of Treasury			
Passed through CDE			
COVID-19 Coronavirus Relief Fund: Learning Loss Mitigation	21.019	25516	54,290,537
Passed through San Bernardino County Superintendent of Schools (SBCSS)			
COVID-19 Coronavirus Relief Fund: Learning Loss Mitigation	21.019	36-67876	1,196,526
Passed through County of San Bernardino			
COVID-19 Coronavirus Relief Fund: Learning Loss Mitigation	21.019	CARES 21-PRJS- 82-SAN	1,705,028
COVID-19 Coronavirus Relief Fund: Learning Loss Mitigation	21.019	CARES 21-PRJS- 83-SAN	1,136,685
Subtotal			58,328,776
Total U.S. Department of Treasury			58,328,776

[2] PCA number not available

San Bernardino City Unified School District

Schedule of Expenditures of Federal Awards

June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U. S. Department of Health and Human Services			
Passed through CDE			
Child Care and Development Fund (CCDF) Cluster			
COVID-19 Child Care and Development Block Grant	93.575	15555	\$ 19,075
Child Care and Development Block Grant	93.575	15136	235,066
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	13609	511,353
Subtotal CCDF Cluster			765,494
Total U.S. Department of Health and Human Services			765,494
U.S. Department of Agriculture			
Farm to School Grant Program	10.575	[1]	70,635
Passed through CDE			
Child Nutrition Cluster			
National School Lunch Program - Section 4	10.555	13523	921,627
National School Lunch Program - Section 11	10.555	13524	6,978,029
School Breakfast Program - Especially Needy	10.553	13526	4,903,556
After School Meal Supplements	10.555	13755	10,885
Commodities	10.555	13524	1,221,391
Subtotal Child Nutrition Cluster			14,035,488
Child & Adult Care Food Program	10.558	13529	6,129,652
Child & Adult Care Food Program - Cash in Lieu of Commodities	10.558	13534	335,966
Subtotal			6,465,618
Total U.S. Department of Agriculture			20,571,741
U.S. Department of Defense			
Junior Reserve Office Training Corps	12.000	[1]	152,316
Total Federal Financial Assistance			\$ 160,570,745

[1] Direct award, PCA number not available

ORGANIZATION

The San Bernardino City Unified School District was established July 1, 1964. The District operates forty-nine elementary schools, ten middle schools, one K-8 school, a middle college, six comprehensive high schools, one alternative education school, two continuation high schools, two community day schools, an adult education school, and two special education schools. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Gwendolyn Dowdy-Rodgers	President	2024
Scott Wyatt, Ed.D	Vice President	2024
Dr. Barbara Flores	Member	2022
Mayra Ceballos	Member	2024
Dr. Margaret Hill	Member	2024
Abigail Rosales-Medina	Member	2022
Danny Tillman	Member	2022

ADMINISTRATION

Doc Ervin	Superintendent
Rachel Monárrez, Ph.D	Deputy Superintendent
Harold Sullins	Associate Superintendent, Business, Facilities, and Operations
Ricardo Esquivel, Ed.D.	Assistant Superintendent, Equity, Access, and Innovation
Marcus Funchess, Ed.D.	Assistant Superintendent, Human Resources
Sandra L. Rodriguez, Ed.D.	Assistant Superintendent, Student Services
Ana Applegate	Assistant Superintendent, Education Services

San Bernardino City Unified School District

Schedule of Instructional Time

Year Ended June 30, 2021

Grade Level	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
	Traditional Calendar	Multitrack Calendar			
Kindergarten	180	-	-	180	Complied
Grades 1 - 3					
Grade 1	180	-	-	180	Complied
Grade 2	180	-	-	180	Complied
Grade 3	180	-	-	180	Complied
Grades 4 - 8					
Grade 4	180	-	-	180	Complied
Grade 5	180	-	-	180	Complied
Grade 6	180	-	-	180	Complied
Grade 7	180	-	-	180	Complied
Grade 8	180	-	-	180	Complied
Grades 9 - 12					
Grade 9	180	-	-	180	Complied
Grade 10	180	-	-	180	Complied
Grade 11	180	-	-	180	Complied
Grade 12	180	-	-	180	Complied

San Bernardino City Unified School District
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2021

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

	<u>Building Fund</u>
NET POSITION	
Balance, June 30, 2021, Unaudited Actuals	\$ 79,265,928
Decrease in:	
Cash in banks	(241,999)
Cash with fiscal agent	<u>(342,806)</u>
Balance, June 30, 2021, Audited Financial Statement	<u><u>\$ 78,681,123</u></u>

San Bernardino City Unified School District

Schedule of Financial Trends and Analysis

Year Ended June 30, 2021

	(Budget) 2022 ¹	2021	2020	2019
General Fund ³				
Revenues	\$ 915,587,062	\$ 841,747,437	\$ 713,644,022	\$ 724,447,284
Other sources	-	-	2,014	-
Total revenues and other sources	915,587,062	841,747,437	713,646,036	724,447,284
Expenditures	(908,334,933)	(756,230,141)	(752,561,297)	(739,403,539)
Other uses	-	(239,841)	(5,429)	(533,031)
Total expenditures and other uses	(908,334,933)	(756,469,982)	(752,566,726)	(739,936,570)
Increase (Decrease) in Fund Balance	\$ 7,252,129	\$ 85,277,455	\$ (38,920,690)	\$ (15,489,286)
Ending Fund Balance	\$ 144,084,601	\$ 136,832,472	\$ 51,555,017	\$ 90,475,707
Available Reserves ²	\$ 26,683,710	\$ 15,200,000	\$ 15,100,000	\$ 21,801,656
Available Reserves as a Percentage of Total Outgo	2.9%	2.0%	2.0%	2.9%
Long-Term Liabilities	N/A	\$1,352,805,441	\$1,232,223,759	\$1,192,176,387
K-12 Average Daily Attendance at P-2	44,866	45,871	45,871	46,104

The General Fund balance has increased by \$46,356,765 over the past two years. The fiscal year 2021-2022 budget projects a further increase of \$7,252,129 (5.3 percent). For a district this size, the State recommends available reserves of at least two percent of total General Fund expenditures and other uses (total outgo).

The District has incurred an operating deficit in two of the past three years and anticipates incurring an operating surplus during the 2021-2022 fiscal year. Total long-term liabilities have increased by \$160,629,054 over the past two years.

Average daily attendance has decreased by 233 over the past two years. An additional decline of 1,005 ADA is anticipated during fiscal year 2021-2022.

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

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

³ General Fund amounts do not include activity related to the consolidation of the Fund 14, Deferred Maintenance Fund, as required by GASB Statement No. 54.

San Bernardino City Unified School District

Schedule of Charter Schools

Year Ended June 30, 2021

Name of Charter School	Charter Number	Included in Audit Report
Provisional Accelerated Learning (PAL) Academy	0335	No
ASA Charter	0677	No
Public Safety Academy	0731	No
SOAR Charter Academy	0982	No
Options for Youth	1132	No
New Vision Middle	1089	No
Hardy Brown College Prep	1155	No
iEmpire Academy	1153	No
Woodward Leadership Academy	1438	No
Savant Preparatory Academy of Business	1971	No
Ballington Academy for the Arts and Science - San Bernardino	1795	No
Entrepreneur High School	1922	No

San Bernardino City Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2021

	Student Activity Fund	Adult Education Fund	Child Development Fund	Capital Facilities Fund
Assets				
Deposits and investments	\$ 1,682,245	\$ 2,171,085	\$ 7,089,803	\$ 7,933,586
Receivables	-	972,486	143,542	138,410
Due from other funds	-	239,841	3	-
Stores inventories	82,536	-	-	-
Total assets	\$ 1,764,781	\$ 3,383,412	\$ 7,233,348	\$ 8,071,996
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ 701,937	\$ 641,801	\$ 7,626
Due to other funds	-	290,541	587,649	4,263
Unearned revenue	-	265,410	427,258	-
Total liabilities	-	1,257,888	1,656,708	11,889
Fund Balances				
Nonspendable	83,936	-	-	-
Restricted	1,680,845	2,030,343	5,513,498	8,060,107
Assigned	-	95,181	63,142	-
Total fund balances	1,764,781	2,125,524	5,576,640	8,060,107
Total liabilities and fund balances	\$ 1,764,781	\$ 3,383,412	\$ 7,233,348	\$ 8,071,996

San Bernardino City Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2021

	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets				
Deposits and investments	\$ 30,463,856	\$ 7,108,085	\$ 26,480,137	\$ 82,928,797
Receivables	71,489	15,800	-	1,341,727
Due from other funds	-	-	-	239,844
Stores inventories	-	-	-	82,536
Total assets	<u>\$ 30,535,345</u>	<u>\$ 7,123,885</u>	<u>\$ 26,480,137</u>	<u>\$ 84,592,904</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ 474,357	\$ -	\$ 1,825,721
Due to other funds	-	9,378	-	891,831
Unearned revenue	-	-	-	692,668
Total liabilities	<u>-</u>	<u>483,735</u>	<u>-</u>	<u>3,410,220</u>
Fund Balances				
Nonspendable	-	-	-	83,936
Restricted	30,535,345	-	26,480,137	74,300,275
Assigned	-	6,640,150	-	6,798,473
Total fund balances	<u>30,535,345</u>	<u>6,640,150</u>	<u>26,480,137</u>	<u>81,182,684</u>
Total liabilities and fund balances	<u>\$ 30,535,345</u>	<u>\$ 7,123,885</u>	<u>\$ 26,480,137</u>	<u>\$ 84,592,904</u>

San Bernardino City Unified School District

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

Year Ended June 30, 2021

	Student Activity Fund	Adult Education Fund	Child Development Fund	Capital Facilities Fund
Revenues				
Federal sources	-	\$ 855,701	\$ 1,047,953	\$ -
Other State sources	-	7,023,426	15,138,790	-
Other local sources	77,403	(111,593)	330,066	1,474,298
Total revenues	77,403	7,767,534	16,516,809	1,474,298
Expenditures				
Current				
Instruction	-	3,788,656	315,603	-
Instruction-related activities				
Supervision of instruction	-	55,684	269,399	-
School site administration	-	2,347,429	201,552	-
Pupil services				
All other pupil services	-	250,517	128,917	-
Administration				
All other administration	-	210,760	420,497	-
Plant services	-	634,268	240,624	-
Ancillary services	234,195	-	-	-
Community services	-	-	10,667,969	-
Other outgo	-	-	-	-
Facility acquisition and construction	-	-	-	293,809
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
Total expenditures	234,195	7,287,314	12,244,561	293,809
Excess (Deficiency) of				
Revenues Over Expenditures	(156,792)	480,220	4,272,248	1,180,489
Other Financing Sources (Uses)				
Transfers in	-	239,841	-	-
Other sources - proceeds from issuance of general obligation bonds	-	-	-	-
Other sources - premium on issuance of general obligation bonds	-	-	-	-
Transfers out	-	-	-	-
Other uses - payments to refunded general obligation bonds escrow agent	-	-	-	-
Net financing sources (uses)	-	239,841	-	-
Net Change in Fund Balances	(156,792)	720,061	4,272,248	1,180,489
Fund Balances - Beginning, as restated	1,921,573	1,405,463	1,304,392	6,879,618
Fund Balances - Ending	\$ 1,764,781	\$ 2,125,524	\$ 5,576,640	\$ 8,060,107

San Bernardino City Unified School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental
Funds
Year Ended June 30, 2021

	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues				
Federal sources	\$ -	\$ -	\$ -	\$ 1,903,654
Other State sources	4,906,277	-	157,007	27,225,500
Other local sources	575,713	155,704	21,894,784	24,396,375
Total revenues	5,481,990	155,704	22,051,791	53,525,529
Expenditures				
Current				
Instruction	-	-	-	4,104,259
Instruction-related activities				
Supervision of instruction	-	-	-	325,083
School site administration	-	-	-	2,548,981
Pupil services				
All other pupil services	-	-	-	379,434
Administration				
All other administration	-	-	-	631,257
Plant services	-	-	-	874,892
Ancillary services	-	-	-	234,195
Community services	-	-	-	10,667,969
Other outgo	-	-	787,302	787,302
Facility acquisition and construction	11,250	1,648,927	-	1,953,986
Debt service				
Principal	-	-	11,000,000	11,000,000
Interest and other	-	-	8,284,946	8,284,946
Total expenditures	11,250	1,648,927	20,072,248	41,792,304
Excess (Deficiency) of				
Revenues Over Expenditures	5,470,740	(1,493,223)	1,979,543	11,733,225
Other Financing Sources (Uses)				
Transfers in	-	1,017,576	-	1,257,417
Other sources - proceeds from issuance of general obligation bonds	-	-	87,565,000	87,565,000
Other sources - premium on issuance of general obligation bonds	-	-	2,938,461	2,938,461
Transfers out	(4,736,696)	-	-	(4,736,696)
Other uses - payments to refunded general obligation bonds escrow agent	-	-	(88,051,493)	(88,051,493)
Net financing sources (uses)	(4,736,696)	1,017,576	2,451,968	(1,027,311)
Net Change in Fund Balances	734,044	(475,647)	4,431,511	10,705,914
Fund Balances - Beginning	29,801,301	7,115,797	22,048,626	70,476,770
Fund Balances - Ending	\$ 30,535,345	\$ 6,640,150	\$ 26,480,137	\$ 81,182,684

Note 1 - Purpose of Schedules**Schedule of Expenditures of Federal Awards (SEFA)**Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the San Bernardino City Unified School District (the District) under programs of the federal government for the year ended June 30, 2021. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the San Bernardino City Unified School District, it is not intended to and does not present the financial position, changes in fund balance of San Bernardino City 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 assistance was provided to a subrecipient.

Indirect Cost Rate

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

Food Donation

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

SEFA Reconciliation

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amount consist of Child Care Development Block Grant funds that have been recorded in the current period as revenues that have not been expended as of June 30, 2021. These unspent balances are reported as legally restricted ending balances within the Child Development Fund. In addition, the District received Qualified School Construction Bonds – Interest Subsidy funds which are not required to be reported on the Schedule of Expenditure of Federal Awards.

Description	Federal Financial Assistance Listing/Federal CFDA Number	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances and Statement of Revenues, Expenses and Changes in Net Position		\$ 162,686,731
COVID-19 Child Care and Development Block Grant	93.575	(282,459)
Qualified School Construction Bonds - Interest Subsidy	[1]	(1,833,527)
Total Schedule of Expenditures of Federal Awards		\$ 160,570,745

[1] CFDA number applicable

Local Education Agency Organization Structure

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

Schedule of Instructional Time

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actuals 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 and 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, 2021

**San Bernardino City
Unified School District**



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Governing Board
San Bernardino City Unified School District
San Bernardino, 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, the business-type activities, each major fund, and the aggregate remaining fund information of San Bernardino City Unified School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise San Bernardino City Unified School District's basic financial statements and have issued our report thereon dated January 14, 2022.

Emphasis of Matter – Change in Accounting Principles

As discussed in Notes 1 and 16 to the financial statements, San Bernardino City Unified School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered San Bernardino City Unified School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of San Bernardino City Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of San Bernardino City 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 a certain deficiency in internal control, described in the accompanying *Schedule of Financial Statement Findings*, as item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether San Bernardino City 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 the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

San Bernardino City Unified School District's Response to Findings

San Bernardino City Unified School District's response to the finding identified in our audit is described in the accompanying *Schedule of Financial Statement Findings*. San Bernardino City 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.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Rancho Cucamonga, California
January 14, 2022



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

To the Governing Board
San Bernardino City Unified School District
San Bernardino, California

We have audited San Bernardino City 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 San Bernardino City Unified School District's major federal programs for the year ended June 30, 2021. San Bernardino City 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 San Bernardino City 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 San Bernardino City 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 San Bernardino City Unified School District's compliance.

Opinion on Each Major Federal Program

In our opinion, San Bernardino City 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, 2021.

Report on Internal Control over Compliance

Management of San Bernardino City 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 San Bernardino City 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 San Bernardino City 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.

The signature is written in a cursive, handwritten style. It appears to read "Eric Bailly" followed by "LLP".

Rancho Cucamonga, California
January 14, 2022



Independent Auditor's Report on State Compliance

To the Governing Board
San Bernardino City Unified School District
San Bernardino, California

Report on State Compliance

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Compliance Requirements Tested

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

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

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

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

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

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

Unmodified Opinion

In our opinion, San Bernardino City Unified School District complied, in all material respects, with the laws and regulations of the state programs referred to above for the year ended June 30, 2021.

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

Eide Bailly LLP

Rancho Cucamonga, California

January 14, 2022



Schedule of Findings and Questioned Costs
June 30, 2021

**San Bernardino City
Unified School District**

San Bernardino City Unified School District

Summary of Auditor's Results

Year Ended June 30, 2021

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weakness 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 programs	
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 Section 200.516(a) of the Uniform Guidance	No

Identification of major programs

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing/ Federal CFDA Number</u>
Coronavirus Relief Fund: Learning Loss Mitigation	21.019
Education Stabilization Fund	84.425C & 84.425D
Child & Adult Care Food Program	10.558
Dollar threshold used to distinguish between Type A and Type B programs	\$3,000,000
Auditee qualified as low-risk auditee?	Yes

State Compliance

Type of auditor's report issued on compliance for programs	Unmodified
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The following finding represents a 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
2021-001	30000	
	Criteria or Specific Requirements	
	Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of the year-end closing entries necessary to ensure the financial statements are fairly stated. The District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.	
	Condition	
	The District's Cash in Banks and Cash with Fiscal Agent in the Building Fund are overstated by combined amount of \$584,805.	
	Questioned costs	
	There were no questioned costs associated with the condition identified.	
	Context	
	The condition was identified as a result of our audit of the financial statements as of June 30, 2021. During our review of available District records and audit procedures performed related to current year ending balances, the error noted was identified.	
	Effect	
	The effect of this current year adjustment was a decrease in the cash balance and fund balance in the Building Fund of \$584,805.	
	Cause	
	The cause of the condition identified appears to be due to inadequate review processes related to the preparation of the District's year-end financial statements, which includes the review of cash balances to ensure the balance is accurate and has sufficient support.	

Recommendation

A thorough review of the District's financial statements should take place before the financial statements are finalized by the District's business department. Cash balances should be reviewed and traced to appropriate supporting document and any necessary adjustment to the balance should be made to reflect accurate balance.

Repeat Finding

No.

Corrective Action Plan/Views of Responsible Official

The District's Fiscal Services Budget Officer is dedicated to accounting for Bond/COP issuances and recording activities thereafter. It appears this finding is in relation to "holding" accounts established to cover the administrative costs of prior issuance of GO bonds. Initially the establishment of the holding account was charged as a cost of issuance instead of being recorded as a holding account.

Effective FY 2021-2022, the Officer will be responsible to ensure a holding account is established and expenditures are recorded on the District's books as costs are incurred (monthly) and bank statements are received by the District until the account is closed and any remaining funds are returned to the District.

None reported.

None reported.

San Bernardino City Unified School District
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021

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