Financial Statements
June 30, 2020

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of San Bernardino City Unified School District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, budgetary comparison information on page 87, schedule of changes in the District's net OPEB liability and related ratios on page 88, schedule of the District's proportionate share of the net OPEB liability – MPP program on page 89, schedule of the District's proportionate share of the net pension liability on page 90, and the schedule of District contributions on page 92, 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 and individual nonmajor fund financial statements, Schedule of Expenditures of Federal Awards as required by the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 26, 2021 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.

Eide Bailly LLP

Rancho Cucamonga, California
February 26, 2021

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, 2020, with comparative information for the year ending June 30, 2019. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF 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.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others.

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 District-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 District-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 District-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.

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 three 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 District-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 District-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.

Fiduciary Funds - The District is the trustee, or *fiduciary*, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. We exclude these activities from the District-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's *combined* net position was less than they were the year before - decreasing 30.1 percent or $101,987,687. Most of this decrease in the District's financial position came from its governmental activities, the net position of which decreased by $96,800,617 to $232,921,358. The net position of the District's business-type activities decreased by $5,187,070 to $3,675,546.

Table A-1

	Governmental Activities		Business-Type Activities		School District Activities	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	$ 422,305,275	$ 436,774,427	$ 17,517,900	$ 20,341,634	$ 439,823,175	$ 457,116,061
Capital assets	961,362,780	968,156,892	2,864,163	3,309,091	964,226,943	971,465,983
Total assets	1,383,668,055	1,404,931,319	20,382,063	23,650,725	1,404,050,118	1,428,582,044
Deferred outflows of resources	219,245,817	214,584,840	4,605,271	5,809,819	223,851,088	220,394,659
Liabilities						
Current liabilities	120,991,331	88,912,480	254,366	1,001,039	121,245,697	89,913,519
Long-term liabilities other than OPEB and pensions	426,882,476	440,084,359	-	-	426,882,476	440,084,359
Net OPEB liability	101,448,057	89,276,923	2,590,987	2,298,021	104,039,044	91,574,944
Aggregate net pension liability	683,048,503	643,262,002	18,253,736	17,255,082	701,302,239	660,517,084
Total liabilities	1,332,370,367	1,261,535,764	21,099,089	20,554,142	1,353,469,456	1,282,089,906
Deferred inflows of resources	37,622,147	28,258,420	212,699	43,786	37,834,846	28,302,206
Net Position						
Net investment in capital assets	717,001,481	723,401,949	2,864,163	3,309,091	719,865,644	726,711,040
Restricted	129,627,307	131,737,311	811,383	5,553,525	130,438,690	137,290,836
Unrestricted (deficit)	(613,707,430)	(525,417,285)	-	-	(613,707,430)	(525,417,285)
Total net position	$ 232,921,358	$ 329,721,975	$ 3,675,546	$ 8,862,616	$ 236,596,904	$ 338,584,591

Changes in Net Position

The District's total revenues decreased by $343,074 (see Table A-2). State and Federal aid for specific programs contributed about 22.5 cents of every dollar raised. Another 74.5 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	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues						
Charges for services	$ 9,090,585	$ 9,809,012	$ 725,541	$ 1,196,009	$ 9,816,126	$ 11,005,021
Operating grants and contributions	153,178,792	151,907,273	26,231,988	31,994,367	179,410,780	183,901,640
Capital grants and contributions	3,567,594	523,372	-	-	3,567,594	523,372
General revenues						
Federal and State unrestricted	517,814,968	515,648,758	-	-	517,814,968	515,648,758
Property taxes	76,475,888	71,130,497	-	-	76,475,888	71,130,497
Other general revenues	10,587,287	15,781,551	238,203	263,081	10,825,490	16,044,632
Total revenues	770,715,114	764,800,463	27,195,732	33,453,457	797,910,846	798,253,920
Expenses						
Instruction-related	633,765,423	594,907,746	-	-	633,765,423	594,907,746
Pupil services	85,459,693	81,360,665	-	-	85,459,693	81,360,665
Administration	38,243,845	35,525,067	-	-	38,243,845	35,525,067
Plant services	78,542,562	78,536,835	-	-	78,542,562	78,536,835
All other activities	31,504,208	29,584,045	32,382,802	33,825,191	63,887,010	63,409,236
Total expenses	867,515,731	819,914,358	32,382,802	33,825,191	899,898,533	853,739,549
Change in net position	$ (96,800,617)	$ (55,113,895)	$ (5,187,070)	$ (371,734)	$ (101,987,687)	$ (55,485,629)

The total cost of all programs and services increased by $46,158,984. The District's expenses are predominantly related to educating and caring for students (79.9 percent). The purely administrative activities of the District accounted for just 4.2 percent of total costs.

Total expenses were more than revenues, decreasing net position by $101,987,687 this fiscal year. The governmental and business-type activities contributed to the District's decrease in net position.

Governmental Activities

Revenues for the District's governmental activities were $770,715,114, whereas total expenses were $867,515,731. The decrease in net position for governmental activities occurred due to an overall increase in expenses.

- Some of the District's activities ($9,090,585) 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 ($156,746,386). See Table A-2.

Business-Type Activities

Revenues of the District's business-type activities were $27,195,732, and expenses were $32,282,802. (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 ($701,678,760) million were financed by District taxpayers and the taxpayers of our State.
- This portion of governmental activities was financed with $76,475,888 in property taxes, and $517,814,968 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	
	2020	2019	2020	2019
Instruction-related	$ 633,765,423	$ 594,907,746	$ (501,213,870)	$ (467,946,912)
Pupil services	85,459,693	81,360,665	(71,278,025)	(67,751,157)
Administration	38,243,845	35,525,067	(35,275,733)	(30,816,774)
Plant services	78,542,562	78,536,835	(77,509,443)	(75,680,667)
Other	31,504,208	29,584,045	(16,401,689)	(15,479,191)
Total	$ 867,515,731	$ 819,914,358	$ (701,678,760)	$ (657,674,701)

FINANCIAL ANALYSIS OF 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 $229,129,653, a decrease of 19.7 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 decreased in fund balance by $38,836,089. The District continues to meet the State required two percent fund balance reserve for Economic Uncertainties.

Table A-4

	Balances and Activity			
	July 1, 2019	Revenues and Other Sources	Expenditures and Other Uses	June 30, 2020
General Fund	$ 90,924,073	$ 715,677,635	$ 754,513,724	$ 52,087,984
Building Fund	53,774,897	3,051,604	21,763,341	35,063,160
Capital Projects Fund for Blended Component Units	75,206,790	91,450	1,874,928	73,423,312
Adult Education Fund	1,487,989	8,331,300	8,413,826	1,405,463
Child Development Fund	940,031	13,349,072	12,984,711	1,304,392
Capital Facilities Fund	4,081,367	2,783,871	(14,380)	6,879,618
County School Facilities Fund	26,396,075	3,567,595	162,369	29,801,301
Special Reserve Fund for Capital Outlay Projects	10,335,803	267,719	3,487,725	7,115,797
Bond Interest and Redemption Fund	22,110,027	19,800,399	19,861,800	22,048,626
Total	$ 285,257,052	$ 766,920,645	$ 823,048,044	$ 229,129,653

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 expenditures would exceed revenues by $46,155,845 and the actual results for the year show expenditures exceeding revenues by $38,832,674.

Actual revenues were $16,957,877 higher than expected, due primarily to higher state and local sources. The actual expenditures were $9,634,706 over budget, due primarily to more spending on employee benefits and books and supplies.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2020, the District had invested $964,226,943 in a broad range of capital assets, including school facilities and equipment. Total depreciation expense for the year was $33,871,045. (More detailed information about capital assets can be found in Note 5 to the financial statements.)

Table A-5

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land and construction in process	$ 50,583,599	$ 53,537,926	$ -	$ -	$ 50,583,599	$ 53,537,926
Buildings and improvements	895,754,366	900,060,941	1,599,253	2,042,144	897,353,619	902,103,085
Equipment	15,024,815	14,558,025	1,264,910	1,266,947	16,289,725	15,824,972
Total	$ 961,362,780	$ 968,156,892	$ 2,864,163	$ 3,309,091	$ 964,226,943	$ 971,465,983

We present more detailed information regarding our capital assets in Note 5 of the financial statements.

Long-Term Liabilities

At year-end, the District had $1,232,223,759 in long-term liabilities increasing last year's balance by $40,047,372.

Table A-6

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds - net (financed with property taxes)	$ 288,299,961	$ 295,784,288	$ -	$ -	$ 288,299,961	$ 295,784,288
Certificates of Participation-net of premium	109,124,124	118,304,631	-	-	109,124,124	118,304,631
Discount on issuance	(226,343)	(266,287)	-	-	(226,343)	(266,287)
Capital lease obligations	-	39,148	-	-	-	39,148
Compensated absences	5,875,504	3,749,864	-	-	5,875,504	3,749,864
Claims liability	23,809,230	21,267,381	-	-	23,809,230	21,267,381
SELF assessment	-	1,205,334	-	-	-	1,205,334
Net other postemployment benefits (OPEB) liability	101,448,057	89,276,923	2,590,987	2,298,021	104,039,044	91,574,944
Aggregate net pension liability	683,048,503	643,262,002	18,253,736	17,255,082	701,302,239	660,517,084
Total	$ 1,211,379,036	$ 1,172,623,284	$ 20,844,723	$ 19,553,103	$ 1,232,223,759	$ 1,192,176,387

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. The overall economic downturn in the State economy due to the coronavirus pandemic will affect the future funding for the District as well as impact its financial condition.
2. The State mandated cash deferrals in FY 2020-2021 will require the District to issue a Tax and Revenue Anticipation Note (TRAN) which must be paid in FY 2021-2022.
3. The District anticipates that its enrollment or Average Daily Attendance (0.5 percent decrease in 2019-2020) will decline during fiscal year 2020-2021.
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.

	Governmental Activities	Business-Type Activities	Total
Assets			
Deposits and investments	$ 320,273,333	$ 14,757,173	$ 335,030,506
Receivables	100,676,359	1,838,371	102,514,730
Internal balances	1,291,744	(1,291,744)	-
Prepaid expenses	63,839	-	63,839
Stores inventories	-	2,214,100	2,214,100
Capital assets not depreciated	50,583,599	-	50,583,599
Capital assets, net of accumulated depreciation	910,779,181	2,864,163	913,643,344
Total assets	1,383,668,055	20,382,063	1,404,050,118
Deferred Outflows of Resources			
Deferred charge on refunding	4,951,697	-	4,951,697
Deferred outflows of resources related to net OPEB liability	13,305,261	362,511	13,667,772
Deferred outflows of resources related to pensions	200,988,859	4,242,760	205,231,619
Total deferred outflows of resources	219,245,817	4,605,271	223,851,088
Liabilities			
Accounts payable	113,143,920	222,772	113,366,692
Accrued interest payable	5,689,190	-	5,689,190
Unearned revenue	2,158,221	31,594	2,189,815
Long-term liabilities			
Long-term liabilities other than OPEB and pensions due within one year	21,104,946	-	21,104,946
Long-term liabilities other than OPEB and pensions due in more than one year	405,777,530	-	405,777,530
Net other postemployment benefits (OPEB) liability	101,448,057	2,590,987	104,039,044
Aggregate net pension liability	683,048,503	18,253,736	701,302,239
Total liabilities	1,332,370,367	21,099,089	1,353,469,456
Deferred Inflows of Resources			
Deferred inflows of resources related to net OPEB liability	1,638,469	43,392	1,681,861
Deferred inflows of resources related to pensions	35,983,678	169,307	36,152,985
Total deferred inflows of resources	37,622,147	212,699	37,834,846
Net Position			
Net investment in capital assets	717,001,481	2,864,163	719,865,644
Restricted for			
Debt service	16,359,436	-	16,359,436
Capital projects	36,680,919	-	36,680,919
Educational programs	19,940,872	-	19,940,872
Other activities	56,646,080	-	56,646,080
Other restrictions	-	811,383	811,383
Unrestricted	(613,707,430)	-	(613,707,430)
Total net position	$ 232,921,358	$ 3,675,546	$ 236,596,904

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Business-Type Activities	Net (Expenses) Revenues and Changes in Net Position: Total
Governmental Activities:							
Instruction	$ 517,845,028	$ 3,226,837	$ 101,097,603	$ 3,567,594	$ (409,952,994)	$ -	$ (409,952,994)
Instruction-related activities							
Supervision of instruction	43,368,572	99,911	15,053,496	-	(28,215,165)	-	(28,215,165)
Instructional library, media, and technology	4,549,267	-	424,288	-	(4,124,979)	-	(4,124,979)
School site administration	68,002,556	2,351,176	6,730,648	-	(58,920,732)	-	(58,920,732)
Pupil services							
Home-to-school transportation	20,777,200	-	-	-	(20,777,200)	-	(20,777,200)
Food services	42,238	-	-	-	(42,238)	-	(42,238)
All other pupil services	64,640,255	507,049	13,674,619	-	(50,458,587)	-	(50,458,587)
Administration							
Data processing	10,551,498	-	-	-	(10,551,498)	-	(10,551,498)
All other administration	27,692,347	258,309	2,709,803	-	(24,724,235)	-	(24,724,235)
Plant services	78,542,562	625,557	407,562	-	(77,509,443)	-	(77,509,443)
Community services	13,074,795	75,888	11,424,696	-	(1,574,211)	-	(1,574,211)
Enterprise services	(1,449,311)	-	-	-	1,449,311	-	1,449,311
Interest on long-term liabilities	18,575,525	-	-	-	(18,575,525)	-	(18,575,525)
Other outgo	1,303,199	1,945,858	1,656,077	-	2,298,736	-	2,298,736
Total governmental activities	867,515,731	9,090,585	153,178,792	3,567,594	(701,678,760)	-	(701,678,760)
Business-Type Activities							
Food services	32,382,802	725,541	26,231,988	-	-	(5,425,273)	(5,425,273)
Total school district	$ 899,898,533	$ 9,816,126	$ 179,410,780	$ 3,567,594	(701,678,760)	(5,425,273)	(707,104,033)

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
General revenues and subventions							
Property taxes, levied for general purposes					$ 50,789,757	$ -	$ 50,789,757
Property taxes, levied for debt service					19,315,621	-	19,315,621
Taxes levied for other specific purposes					6,370,510	-	6,370,510
Federal and State aid not restricted to specific purposes					517,814,968	-	517,814,968
Interest and investment earnings					2,516,411	189,217	2,705,628
Miscellaneous					8,070,876	48,986	8,119,862
Subtotal, general revenues					604,878,143	238,203	605,116,346
Change in Net Position					(96,800,617)	(5,187,070)	(101,987,687)
Net Position - Beginning					329,721,975	8,862,616	338,584,591
Net Position - Ending					$ 232,921,358	$ 3,675,546	$ 236,596,904

	General Fund	Building Fund	Capital Project Fund for Blended Component Units	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	$ 74,232,798	$ 36,136,611	$ 73,423,312	$ 59,737,728	$ 243,530,449
Receivables	98,162,630	210,809	-	1,952,664	100,326,103
Due from other funds	2,221,572	-	-	10,012,875	12,234,447
Prepaid expenditures	63,839	-	-	-	63,839
Total assets	$ 174,680,839	$ 36,347,420	$ 73,423,312	$ 71,703,267	$ 356,154,838
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 109,651,055	$ 1,283,634	$ -	$ 1,690,979	$ 112,625,668
Due to other funds	11,278,237	626	-	962,433	12,241,296
Unearned revenue	1,663,563	-	-	494,658	2,158,221
Total liabilities	122,592,855	1,284,260	-	3,148,070	127,025,185
Fund Balances					
Nonspendable	274,839	-	-	-	274,839
Restricted	19,940,872	35,063,160	73,423,312	61,311,374	189,738,718
Assigned	16,772,273	-	-	7,243,823	24,016,096
Unassigned	15,100,000	-	-	-	15,100,000
Total fund balances	52,087,984	35,063,160	73,423,312	68,555,197	229,129,653
Total liabilities and fund balances	$ 174,680,839	$ 36,347,420	$ 73,423,312	$ 71,703,267	$ 356,154,838

Total Fund Balance - Governmental Funds		$ 229,129,653
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:	$1,302,141,088	
Accumulated depreciation is:	(340,778,308)	
Net capital assets		961,362,780
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.		54,064,251
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.		(5,689,190)
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		
Deferred charge on refunding	4,951,697	
Net other postemployment benefits	13,305,261	
Net pension liability	200,988,859	
Total deferred outflows of resources to pensions		219,245,817
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		
Net other postemployment benefits	(1,638,469)	
Net pension liability	(35,983,678)	
Total deferred inflows of resources to pensions		(37,622,147)

Net pension liability is not due and payable in the current period, and is not reported as a liability in the fund.		$ (683,048,503)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(101,448,057)
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	$ 232,323,577	
Unamortized premium on issuance	29,187,234	
Certificates of participation	96,515,000	
Unamortized discount on issuance	(226,343)	
Compensated absences	5,875,504	
In addition, the District issues "capital appreciation" general obligation bonds. The accretion of interest on unmatured general obligation bonds to date is:	39,398,274	
Total long-term liabilities		(403,073,246)
Total Net Position - Governmental Activities		$ 232,921,358

	General Fund	Building Fund	Capital Project Fund for Blended Component Units
Revenues			
Local control funding formula	$ 553,386,725	$ -	$ -
Federal sources	49,261,712	2,097,821	-
Other state sources	97,323,794	-	-
Other local sources	15,703,390	931,002	91,450
Total revenues	715,675,621	3,028,823	91,450
Expenditures			
Current			
Instruction	451,966,881	-	-
Instruction-related activities			
Supervision of instruction	39,882,270	-	-
Instructional library, media, and technology	4,215,522	-	-
School site administration	60,157,824	-	-
Pupil services			
Home-to-school transportation	20,626,780	-	-
Food services	17,757	-	-
All other pupil services	58,076,914	-	-
Administration			
Data processing	10,050,601	-	-
All other administration	23,825,543	-	-
Plant services	66,230,935	-	-
Community services	913,903	-	-
Other outgo	1,292,994	-	-
Facility acquisition and construction	12,028,048	12,778,533	1,691,358
Debt service			
Principal	2,929,148	5,590,000	-
Interest and other	2,293,175	3,392,794	183,570
Total expenditures	754,508,295	21,761,327	1,874,928
Excess (Deficiency) of Revenues over Expenditures	(38,832,674)	(18,732,504)	(1,783,478)
Other Financing Sources (Uses)			
Transfers in	2,014	22,781	-
Transfers out	(5,429)	(2,014)	-
Net financing sources (uses)	(3,415)	20,767	-
Net Change in Fund Balances	(38,836,089)	(18,711,737)	(1,783,478)
Fund Balances - Beginning	90,924,073	53,774,897	75,206,790
Fund Balances - Ending	$ 52,087,984	$ 35,063,160	$ 73,423,312

	Non-Major Governmental Funds	Total Governmental Funds
Revenues		
Local control funding formula	$ -	$ 553,386,725
Federal sources	1,333,790	52,693,323
Other state sources	22,823,194	120,146,988
Other local sources	23,937,543	40,663,385
Total revenues	48,094,527	766,890,421
Expenditures		
Current		
Instruction	4,560,168	456,527,049
Instruction-related activities		
Supervision of instruction	547,537	40,429,807
Instructional library, media, and technology	-	4,215,522
School site administration	2,874,124	63,031,948
Pupil services		
Home-to-school transportation	-	20,626,780
Food services	-	17,757
All other pupil services	513,963	58,590,877
Administration		
Data processing	-	10,050,601
All other administration	730,381	24,555,924
Plant services	979,868	67,210,803
Community services	11,191,807	12,105,710
Other outgo	10,205	1,303,199
Facility acquisition and construction	3,613,622	30,111,561
Debt service		
Principal	10,715,000	19,234,148
Interest and other	9,136,595	15,006,134
Total expenditures	44,873,270	823,017,820
Excess (Deficiency) of Revenues over Expenditures	3,221,257	(56,127,399)
Other Financing Sources (Uses)		
Transfers in	5,429	30,224
Transfers out	(22,781)	(30,224)
Net financing sources (uses)	(17,352)	-
Net Change in Fund Balances	3,203,905	(56,127,399)
Fund Balances - Beginning	65,351,292	285,257,052
Fund Balances - Ending	$ 68,555,197	$ 229,129,653

Total Net Change in Fund Balances - Governmental Funds		$ (56,127,399)
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	$ (33,016,895)	
Capital outlays	26,243,566	
Net Expense Adjustment		(6,773,329)
Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.		(20,783)
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 $2,125,640.		(2,125,640)
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.		(49,027,905)
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.		(7,007,105)

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		$ 10,715,000
Certificate of participations		8,480,000
Capital lease obligations		39,148
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	$ 2,320,030	
Amortization of debt discount	(39,944)	
Amortization of deferred charges on refunding	(625,375)	
Combined Adjustment		1,654,711
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 increased $373,906, and second, $4,850,196 of additional accumulated interest was accreted on the District's "capital appreciation" general obligation bonds.		(5,224,102)
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.		8,616,787
Change in net position of governmental activities		$ (96,800,617)

	Business-Type Activities Enterprise Fund Food Service	Governmental Activities - Internal Service Fund
Assets		
Current assets		
Deposits and investments	$ 14,757,173	$ 76,742,884
Receivables	1,838,371	350,256
Due from other funds	-	1,302,814
Stores inventories	2,214,100	-
Total current assets	18,809,644	78,395,954
Noncurrent assets		
Capital assets being depreciated	17,811,236	-
Less: accumulated depreciation	(14,947,073)	-
Total noncurrent assets	2,864,163	-
Total assets	21,673,807	78,395,954
Deferred Outflows of Resources		
Deferred outflows of resources related to OPEB	362,511	-
Deferred outflows of resources related to pensions	4,242,760	-
Total deferred outflows	$ 4,605,271	$ -
Liabilities		
Current liabilities		
Accounts payable	$ 222,772	$ 518,252
Due to other funds	1,291,744	4,221
Unearned revenue	31,594	-
Current portion of claims liability	-	3,589,946
Total current liabilities	1,546,110	4,112,419
Noncurrent liabilities		
Noncurrent portion of claims liability	-	20,219,284
Total OPEB liability	2,590,987	-
Aggregate net pension liability	18,253,736	-
Total noncurrent liabilities	20,844,723	20,219,284
Deferred Inflows of Resources		
Deferred outflows of resources related to OPEB	43,392	-
Deferred inflows of resources related to pensions	169,307	-
Total deferred inflows	212,699	-
Net Position		
Net investment in capital assets	2,864,163	-
Restricted	811,383	54,064,251
Total net position	$ 3,675,546	$ 54,064,251

	Business-Type Activities Enterprise Fund Food Service	Governmental Activities - Internal Service Fund
Operating Revenues		
Charges for services	$ 725,541	$ -
Charges to other funds and miscellaneous revenues	48,986	17,232,151
Total operating revenues	774,527	17,232,151
Operating Expenses		
Payroll costs	18,327,115	790,348
Professional and contract services	37,615	-
Supplies and materials	11,967,787	11,321
Facility rental	85,998	3,022
Other operating cost	1,110,137	9,107,332
Depreciation	854,150	-
Total operating expenses	32,382,802	9,912,023
Operating income (loss)	(31,608,275)	7,320,128
Nonoperating Revenues		
Interest income	189,217	1,296,659
Federal grants	24,526,659	-
State grants	1,705,329	-
Total nonoperating revenues	26,421,205	1,296,659
Change in Net Position	(5,187,070)	8,616,787
Total Net Position - Beginning	8,862,616	45,447,464
Total Net Position - Ending	$ 3,675,546	$ 54,064,251

	Business-Type Activities Enterprise Fund Food Service	Governmental Activities - Internal Service Fund
Cash Flows from Operating Activities		
Cash received from user charges	$ 6,076,846	$ -
Cash receipts from interfund services provided	-	17,353,315
Other operating cash receipts	48,986	166,509
Cash payments to other suppliers of goods or services	(13,766,785)	-
Cash payments to employees for services	(15,662,034)	(790,348)
Cash payments for insurance claims	-	(7,770,817)
Other operating cash payments	(1,196,135)	-
Net cash provided by (used in) operating activities	(24,499,122)	8,958,659
Cash Flows from Noncapital Financing Activities		
Nonoperating grants received	26,231,988	-
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets	(409,222)	-
Cash Flows from Investing Activities		
Interest on investments	189,217	1,296,659
Net Increase in Cash and Cash Equivalents	1,512,861	10,255,318
Cash and Cash Equivalents - Beginning	13,244,312	66,487,566
Cash and Cash Equivalents - Ending	$ 14,757,173	$ 76,742,884
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used in) Operating Activities		
Operating income (loss)	$ (31,608,275)	$ 7,320,128
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	854,150	-
Changes in assets and liabilities		
Receivables	5,355,113	632,476
Due from other fund	-	125,289
Inventories	(532,587)	-
Deferred outflows	1,204,548	-
Accounts payables	(742,865)	(451,624)
Due to other fund	(485,931)	(4,125)
Unearned revenue	(3,808)	-
Deferred inflows	168,913	-
Net pension liability	998,654	-
Net other postemployment benefits (OPEB) liability	292,966	
Claims liability and self assessment	-	1,336,515
Net Cash Provided by (used in) Operating Activities	$ (24,499,122)	$ 8,958,659

Noncash, Noncapital Financing Activities

During the Year, the District Received $1,410,689 of Food Commodities from the U.S. Department of Agriculture.

	Scholarship Trust	Agency Funds
Assets		
Deposits and investments	$ 406,756	$ 1,871,192
Receivables	1,868	4,686
Stores inventories	-	73,369
Total assets	408,624	$ 1,949,247
Liabilities		
Due to student groups	-	$ 1,949,247
Net Position		
Held in reserve for scholarships	408,624	
Total net position	$ 408,624	

	Scholarship Trust
Additions	
Interest	$ 7,948
Deductions	
Scholarships awarded	7,000
Change in Net Position	948
Net Position - Beginning	407,676
Net Position - Ending	$ 408,624

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, proprietary, and fiduciary.

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

Major Governmental Funds

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

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.

As a result, the General Fund reflects an increase in fund balance of $532,967.

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.

- **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.

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

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

Basis of Accounting - Measurement Focus

Government - Wide Financial Statements The government-wide 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 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.

- **Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

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

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

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

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

Debt Issuance Costs, Premiums, and Discounts

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

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Fund Balances - Governmental Funds

As of June 30, 2020, fund balances of the governmental funds are classified as follows:

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

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

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

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the 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 $130,438,690 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

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

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

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

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

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

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

New Accounting Pronouncements

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

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

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

In June 2017, the GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental activities	$ 320,273,333
Business-type activities	14,757,173
Fiduciary funds	2,277,948
Total deposits and investments	$ 337,308,454

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

Cash on hand and in banks	$ 6,540,456
Cash in revolving	220,510
Investments	330,547,488
Total deposits and investments	$ 337,308,454

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	$ 244,632,727	553
US Bank Money Market Mutual Fund	74,475,003	1
Wells Fargo Advantage Cash Investment Money Market Funds	3,244,437	16
Wells Fargo Advantage Repurchase Agreement Overland Express Sweep Account	8,195,321	1
Total	$ 330,547,488	

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 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 Wells Fargo Advantage Repurchase Agreement Overland Express Sweep Account is 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, 2020, the District's bank balance of $1,143,463 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 $1,390,649 held by other financial institutions was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 3 - Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

- Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

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

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

Investment Type	Reported Amount	Level 2 Inputs
Wells Fargo Advantage Cash Investment		
Money Market Funds	$ 3,244,437	$ 3,244,437
US Bank Money Market Mutual Fund	74,975,003	74,975,003
Wells Fargo Advantage Repurchase Agreement		
Overland Express Sweep Account	8,195,321	8,195,321
Total	$ 86,414,761	$ 86,414,761

Note 4 - Receivables

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

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities
Federal Government					
Categorical aid	$ 12,456,603	$ -	$ 597,989	$ -	$ 13,054,592
State Government					
LCFF apportionment	74,144,492	-	-	-	74,144,492
Categorical aid	1,337,326	-	789,339	-	2,126,665
Lottery	2,375,504	-	-	-	2,375,504
Special Education	5,008,887	-	-	-	5,008,887
Local Government					
Interest	388,714	169,054	221,093	318,877	1,097,738
Other Local Sources					
Other	2,451,104	41,755	344,243	31,379	2,868,481
Total	$ 98,162,630	$ 210,809	$ 1,952,664	$ 350,256	$ 100,676,359

	Food Service Enterprise Fund	Fiduciary Funds
Federal Government		
Categorical aid	$ 1,673,805	$ -
State Government		
LCFF apportionment	-	-
Categorical aid	143,595	-
Lottery	-	-
Special Education	-	-
Local Government		
Interest	-	6,554
Other Local Sources		
Other	20,971	-
Total	$ 1,838,371	$ 6,554

Note 5 - Capital Assets

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

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Governmental Activities				
Capital assets not being depreciated				
Land	$ 32,151,833	$ -	$ -	$ 32,151,833
Construction in process	21,386,093	22,416,312	25,370,639	18,431,766
Total capital assets not being depreciated	53,537,926	22,416,312	25,370,639	50,583,599
Capital assets being depreciated				
Land improvements	60,110,336	25,841,519	-	85,951,855
Buildings and improvements	1,126,338,568	14,103	-	1,126,352,671
Furniture and equipment	36,107,484	3,342,271	196,792	39,252,963
Total capital assets being depreciated	1,222,556,388	29,197,893	196,792	1,251,557,489
Less accumulated depreciation				
Land improvements	40,225,372	1,895,228	-	42,120,600
Buildings and improvements	246,162,591	28,266,969	-	274,429,560
Furniture and equipment	21,549,459	2,854,698	176,009	24,228,148
Total accumulated depreciation	307,937,422	33,016,895	176,009	340,778,308
Governmental activities capital assets, net	$ 968,156,892	$ 18,597,310	$ 25,391,422	$ 961,362,780
Business-Type Activities				
Capital assets not being depreciated				
Buildings and improvements	$ 8,841,937	$ -	$ -	$ 8,841,937
Furniture and equipment	8,698,158	409,222	138,081	8,969,299
Total capital assets being depreciated	17,540,095	409,222	138,081	17,811,236
Less accumulated depreciation				
Buildings and improvements	6,799,793	442,891	-	7,242,684
Furniture and equipment	7,431,211	411,259	138,081	7,704,389
Total accumulated depreciation	14,231,004	854,150	138,081	14,947,073
Business-type activities capital assets, net	$ 3,309,091	$ (444,928)	$ -	$ 2,864,163

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

Governmental Activities	
Instruction	$ 29,715,205
All other pupil services	660,338
All other general administration	330,169
Plant services	2,311,183
Total depreciation expenses governmental activities	33,016,895
Business-Type Activities	
Food services	854,150
Total depreciation expenses all activities	$ 33,871,045

Note 6 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

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

	Due From					
Due To	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Food Service Enterprise Fund	Total
General Fund	$ -	$ 516	$ 925,091	$ 4,221	$ 1,291,744	$ 2,221,572
Non-Major Governmental Funds	10,012,875	-	-	-	-	10,012,875
Internal Service Fund	1,265,362	110	37,342	-	-	1,302,814
Total	$ 11,278,237	$ 626	$ 962,433	$ 4,221	$ 1,291,744	$ 13,537,261

The balance of $1,291,744 due to the General Fund from the Food Service Enterprise Fund resulted from payroll, indirect costs, benefits, and other operating costs.

A balance of $311,475 due to the General Fund from the Adult Education Non-Major Governmental Fund resulted from payroll, indirect costs, benefits and other operating costs.

A balance of $613,614 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 $10,000,000 due to the County School Facilities Non-Major Governmental Fund from the General Fund resulted from the repayment of a temporary loan.

The balance of $1,265,362 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.

Operating Transfers

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

	Transfer From			
Transfer To	General Fund	Building Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ 2,014	$ -	$ 2,014
Building Fund	-	-	22,781	22,781
Non-Major Governmental Funds	5,429	-	-	5,429
Total	$ 5,429	$ 2,014	$ 22,781	$ 30,224

The General Fund transferred qualified capital outlay expenditures to the Capital Facilities Non-Major Governmental Fund.	$ 3,554
The General Fund transferred qualified capital outlay expenditures to the Special Reserve Fund for Capital Outlay Projects Non-Major Governmental Fund.	1,875
The Building Fund transferred reimbursement of qualified expenditures to the General Fund.	2,014
The Special Reserve Fund for Capital Outlay Projects Non-Major Governmental Fund transferred qualified capital outlay expenditures to the Building Fund.	22,781
Total	$ 30,224

Note 7 - Accounts Payable

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

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities
Accrued salaries and benefits	$ 33,874,261	$ -	$ 739,206	$ 1,444	$ 34,614,911
LCFF apportionment	24,499,099	-	-	-	24,499,099
Books and supplies	31,182,846	-	130,694	2,032	31,315,572
Services and other operating	16,796,607	266,625	200,653	514,362	17,778,247
Construction	2,637,928	1,017,009	273,847	-	3,928,784
Other vendor payables	660,314	-	346,579	414	1,007,307
Total	$ 109,651,055	$ 1,283,634	$ 1,690,979	$ 518,252	$ 113,143,920

	Food Service Enterprise Fund
Accrued salaries and benefits	$ -
LCFF apportionment	-
Books and supplies	194,059
Services and other operating	28,713
Construction	-
Other vendor payables	-
Total	$ 222,772

Note 8 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total Governmental Activities	Food Service Enterprise Fund
Federal financial assistance	$ 636,196	$ -	$ 636,196	$ -
State categorical aid	639,099	16,310	655,409	-
Other local	388,268	478,348	866,616	31,594
Total	$ 1,663,563	$ 494,658	$ 2,158,221	$ 31,594

Note 9 - Long-Term Liabilities other than OPEB and Pensions

Summary

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

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Due in One Year
Governmental Activities					
General obligation bonds	$ 277,586,655	$ 4,850,196	$ 10,715,000	$ 271,721,851	$ 11,000,000
Premium on issuance	18,197,633	-	1,619,523	16,578,110	-
Certificates of Participation	104,995,000	-	8,480,000	96,515,000	6,515,000
Discount on issuance	(266,287)	-	(39,944)	(226,343)	-
Premium on issuance	13,309,631	-	700,507	12,609,124	-
Capital lease obligations	39,148	-	39,148	-	-
Compensated absences	3,749,864	2,125,640	-	5,875,504	-
Claims liability	21,267,381	6,131,795	3,589,946	23,809,230	3,589,946
SELF assessment	1,205,334	-	1,205,334	-	-
Total	$ 440,084,359	$ 13,107,631	$ 26,309,514	$ 426,882,476	$ 21,104,946

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 capital lease obligations will be 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, Child Development Fund, and Food Services Enterprise Fund. Claims liability and SELF assessment are paid by the Internal Service Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2019	Issued	Accreted	Redeemed	Bonds Outstanding June 30, 2020
5/1/03	8/1/27	1.10 - 5.46%	15,000,000	$ 17,911,367	$ -	$ 976,321	$ -	$ 18,887,688
9/16/04	8/1/29	1.25 - 5.46%	44,999,498	1,574,753	-	141,620	-	1,716,373
5/18/06	8/1/30	4.50 - 5.15%	67,999,967	4,807,993	-	404,840	-	5,212,833
3/14/07	8/1/30	3.77 - 4.74%	9,997,217	13,461,917	-	563,036	30,000	13,994,953
3/3/11	8/1/42	7.41 - 7.50%	11,525,419	22,238,621	-	1,693,197	-	23,931,818
3/3/11	8/1/35	7.41 - 7.50%	5,477,434	11,807,004	-	1,071,182	-	12,878,186
5/22/13	8/1/28	2.00 - 5.00%	86,000,000	68,930,000	-	-	5,645,000	63,285,000
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	7,660,000	-	-	500,000	7,160,000
8/7/14	8/1/28	2.00-5.00%	24,705,000	17,035,000	-	-	2,290,000	14,745,000
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	31,550,000	-	-	800,000	30,750,000
10/31/17	8/1/42	4.00-5.00%	21,085,000	21,085,000	-	-	1,450,000	19,635,000
				$ 277,586,655	$ -	$ 4,850,196	$ 10,715,000	$ 271,721,851

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 San Bernardino City Unified School District 1999 General Obligation Bonds, Series C. At June 30, 2020, 1999 General Obligation Bonds, Series C totaling $18,887,688 (including accretion) were still outstanding. Unamortized premium received on issuance amounted to $148,058.

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 District's 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, 2020, 2004 General Obligation Bonds, Series A, totaling $1,716,373 (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, 2020, the principal balance outstanding (including accretion) was $5,212,833. Unamortized premium received on issuance amounted to $2,465,859.

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.

The bonds have a final maturity which occurs on August 1, 2030, with interest rates of 3.77 to 4.74 percent. Proceeds from the sale of the bonds were used to finance the construction, renovation, and repair of certain school facilities. At June 30, 2020, the principal balance outstanding (including accretion) was $13,994,953. Unamortized premium received on issuance amounted to $147,044.

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, 2020, the principal balance outstanding (including accretion) was $23,931,818. Unamortized premium received on issuance amounted to $358,323.

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, 2020, the principal balance outstanding (including accretion) was $12,878,186. Unamortized premium on issuance amounted to $143,822.

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. As of June 30, 2020, the principal balance outstanding was $63,285,000. Unamortized premium received on issuance and deferred charge on refunding were $7,317,130 and $4,873,973, 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. At June 30, 2020, 2012 General Obligation Bonds, Series A, totaling $29,800,000 were still outstanding. Unamortized premium received on issuance amounted to $632,450.

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. At June 30, 2020, 2012 General Obligation Bonds, Series B, totaling $7,160,000 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, 2020, the principal balance outstanding was $14,745,000, and unamortized premium received on issuance and deferred charge on refunding were $1,595,374 and $77,725, 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, 2020, 2012 General Obligation Bonds, Series C, totaling $29,725,000 were still outstanding. Unamortized premium received on issuance was $1,575,659.

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, 2020, 2012 General Obligation Bonds, Series D, totaling $30,750,000 were still outstanding. Unamortized premium received on issuance was $1,497,690.

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, 2020, 2012 General Obligation Bonds, Series E, totaling $19,635,000 were still outstanding. Unamortized premium received on issuance was $696,701.

Debt Service Requirements to Maturity

The bonds mature through 2043 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Current Interest to Maturity	Total
2021	$ 10,958,114	$ 41,886	$ 8,706,979	$ 19,706,979
2022	12,127,104	132,896	8,261,512	20,521,512
2023	12,015,011	234,989	7,774,890	20,024,890
2024	13,092,278	337,722	7,265,503	20,695,503
2025	14,235,011	464,989	6,699,868	21,399,868
2026-2030	68,074,383	9,172,237	25,434,743	102,681,363
2031-2035	49,879,762	35,920,238	16,845,794	102,645,794
2036-2040	59,549,882	47,080,118	10,063,834	116,693,834
2041-2043	31,790,306	24,204,694	1,408,844	57,403,844
Total	$ 271,721,851	$ 117,589,769	$ 92,461,967	$ 481,773,587

Certificates of Participation

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2019	Issued	Redeemed	Bonds Outstanding June 30, 2020
3/3/11	2/1/26	7.903-8.403%	$ 53,080,000	$ 42,290,000	$ -	$ 5,590,000	$ 36,700,000
6/27/19	10/1/38	3.00-5.00%	62,705,000	62,705,000	-	2,890,000	59,815,000
				$ 104,995,000	$ -	$ 8,480,000	$ 96,515,000

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, 2020, the principal balance outstanding was $36,700,000. Unamortized discount on issuance amounted to $226,343.

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, 2020, the principal balance outstanding was $59,815,000. Unamortized premium on issuance amounted to $12,609,124.

Debt Service Requirements to Maturity

The certificates mature through 2039 as follows:

Year Ending June 30,	Principal	Current Interest to Maturity	Total
2021	$ 6,515,000	$ 5,925,671	$ 12,440,671
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
2026-2030	25,090,000	12,801,072	37,891,072
2031-2035	19,815,000	8,236,875	28,051,875
2036-2039	22,505,000	2,364,625	24,869,625
Total	$ 96,515,000	$ 47,952,042	$ 144,467,042

Capital Leases

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

Balance, July 1, 2019	$ 39,495
Payments	(39,495)
Balance, June 30, 2020	$ -

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2020, amounted to $5,875,504.

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, 2020, amounted to $23,809,230, using a discount factor of 1.8 percent. See Note 12 for additional details.

Note 10 - Net Other Postemployment Benefits (OPEB) Liability

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

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 100,425,854	$ 13,667,772	$ 1,681,861	$ 10,955,673
Medicare Premium Payment (MPP) Program	3,613,190	-	-	85,035
Total	$ 104,039,044	$ 13,667,772	$ 1,681,861	$ 11,040,708

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	4,283
	4,578

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, 2019, the District contributed $3,498,325 to the Plan, all of which was used for current premiums. For the current fiscal year, the District contributed $8,900,678 to the plan.

Net OPEB Liability of the District

The District's net OPEB liability of $100,425,854 was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The components of the net OPEB liability of the District at June 30, 2019, were as follows:

Total OPEB liability	$ 100,503,717
Plan fiduciary net position	(77,863)
District's net OPEB liability	$ 100,425,854
Plan fiduciary net position as a percentage of the total OPEB liability	0.08%

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	3.50	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	$ 88,120,148	$ 73,359	$ 88,046,789
Service cost	7,283,362	-	7,283,362
Interest	3,420,481	-	3,420,481
Differences between expected and actual experience	3,159,537	-	3,159,537
Contributions-employer	-	3,498,325	(3,498,325)
Net investment income	-	2,787	(2,787)
Investment gain/losses	-	1,733	(1,733)
Changes of assumptions	2,018,514	-	2,018,514
Benefit payments	(3,498,325)	(3,498,325)	-
Administrative expense	-	(16)	16
Net change in total OPEB liability	12,383,569	4,504	12,379,065
Balance at June 30, 2020	$ 100,503,717	$ 77,863	$ 100,425,854

No changes of benefit terms noted.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.80 percent in 2018 to 3.50 percent in 2019.

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 (2.50%)	$ 107,174,772
Current discount rate (3.50%)	100,425,854
1% increase (4.50%)	93,842,934

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%)	$ 95,813,432
Current healthcare cost trend rate (4.00%)	100,425,854
1% increase (5.00%)	103,408,688

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

For the year ended June 30, 2020, the District recognized OPEB expense of $10,955,673. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 8,900,678	$ -
Differences between expected and actual experience	2,908,780	-
Changes of assumptions	1,858,314	1,678,777
Net difference between projected and actual earnings on OPEB plan investments	-	3,084
Total	$ 13,667,772	$ 1,681,861

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
2020	$ 254,601
2021	254,601
2022	254,601
2023	255,169
2024	(646,048)
Thereafter	2,712,309
Total	$ 3,085,233

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2020, the District reported a liability of $3,613,190 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2019 and June 30, 2018, respectively, was 0.9703 percent, and 0.9217 percent, resulting in a net increase in the proportionate share of 0.0486 percent.

For the year ended June 30, 2020, the District recognized OPEB expense of $85,035.

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2019, is 3.50 percent. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.50 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2019, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.37 percent from 3.87 percent as of June 30, 2018.

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.50%)	$ 3,942,818
Current discount rate (3.50%)	3,613,190
1% increase (4.50%)	3,310,116

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 (2.7% Part A and 3.1% Part B)	$ 3,386,640
Current Medicare costs trend rate (3.7% Part A and 4.1% Part B)	3,613,190
1% increase (4.7% Part A and 5.1% Part B)	4,065,720

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	$ -	$ -	$ -	$ 211,000
Prepaid expenditures	63,839	-	-	-	63,839
Total nonspendable	274,839	-	-	-	274,839
Restricted					
Legally restricted programs	19,940,872	-	-	2,581,829	22,522,701
Capital projects	-	35,063,160	73,423,312	36,680,919	145,167,391
Debt services	-	-	-	22,048,626	22,048,626
Total restricted	19,940,872	35,063,160	73,423,312	61,311,374	189,738,718
Assigned					
Deferred maintenance	532,967	-	-	-	532,967
District spending	16,239,306	-	-	-	16,239,306
Adult education	-	-	-	128,026	128,026
Future capital projects	-	-	-	7,115,797	7,115,797
Total assigned	16,772,273	-	-	7,243,823	24,016,096
Unassigned					
Reserve for economic uncertainties	15,100,000	-	-	-	15,100,000
Total	$ 52,087,984	$ 35,063,160	$ 73,423,312	$ 68,555,197	$ 229,129,653

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, 2020, 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 2020, 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, 2018 to June 30, 2020:

	Workers' Compensation
Liability Balance, July 1, 2018	$ 21,741,424
Claims and changes in estimates	3,021,319
Claims payments	(3,495,362)
Liability Balance, June 30, 2019	21,267,381
Claims and changes in estimates	6,131,795
Claims payments	(3,589,946)
Liability Balance, June 30, 2020	$ 23,809,230
Assets available to pay claims at June 30, 2020	$ 78,395,954

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, 2020, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 495,357,132	$ 154,232,305	$ 34,197,928	$ 68,765,040
CalPERS	202,349,338	49,096,130	1,876,828	41,020,624
CalPERS - Safety Risk Pool	3,595,769	1,903,184	78,229	403,214
Total	$ 701,302,239	$ 205,231,619	$ 36,152,985	$ 110,188,878

The details of each plan ae as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

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

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

Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the District's total contributions were $51,026,450.

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

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

Total Net Pension Liability, Including State Share:

District's proportionate share of net pension liability	$ 495,357,132
State's proportionate share of the net pension liability associated with the District	270,250,386
Total	$ 765,607,518

The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2019 and June 30, 2018, respectively, was 0.5485 percent and 0.5135 percent, resulting in a net increase in the proportionate share of 0.0350 percent.

For the year ended June 30, 2020, the District recognized pension expense of $68,765,040. In addition, the District recognized pension expense and revenue of $40,246,110 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 51,026,450	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	39,303,491	1,158,032
Differences between projected and actual earnings on pension plan investments	-	19,081,308
Differences between expected and actual experience in the measurement of the total pension liability	1,250,514	13,958,588
Changes of assumptions	62,651,850	-
Total	$ 154,232,305	$ 34,197,928

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ (1,924,677)
2022	(15,148,314)
2023	(3,145,024)
2024	1,136,707
Total	$ (19,081,308)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 22,743,627
2022	22,743,628
2023	18,338,378
2024	19,271,396
2025	2,343,002
Thereafter	2,649,204
Total	$ 88,089,235

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2018 and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2019, are summarized in the following table:

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 737,627,773
Current discount rate (7.10%)	495,357,132
1% increase (8.10%)	294,468,633

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, 2018 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, 2020, are summarized as follows:

	School Employer Pool (CalPERS)	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	7.000%
Required employer contribution rate	19.721%	19.721%

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

	Safety Risk Pool (CalPERS)	
Hire date	On or before December 31, 2012	On or after January 1, 2013
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	9.000%	16.000%
Required employer contribution rate	28.762%	15.760%

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, 2020, are presented above and the total District contributions for CalPERS and CalPERS Safety Risk Pool were $20,201,948 and $559,264, respectively.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS and CalPERS Safety Risk Pool net pension liabilities totaling $202,349,338 and $3,595,769, respectively. The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2019 and June 30, 2018, respectively was 0.6943 percent and 0.6941 percent, resulting in a net increase in the proportionate share of 0.0002 percent for CalPERS. The District's proportionate share for the measurement period June 30, 2019 and June 30, 2018, respectively was 0.0576 percent and 0.0592 percent, resulting in a net decrease in the proportionate share of 0.0016 percent for CalPERS Safety Risk Pool.

For the year ended June 30, 2020, the District recognized pension expense of $41,020,624 for CalPERS and $403,214 for CalPERS Safety Risk Pool. At June 30, 2020, 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	$ 20,201,948	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	4,563,041	-
Differences between projected and actual earnings on pension plan investments	-	1,876,828
Differences between expected and actual experience in the measurement of the total pension liability	14,698,684	-
Changes of assumptions	9,632,457	-
Total	$ 49,096,130	$ 1,876,828

	CalPERS Safety Risk Pool	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 559,264	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	961,764	-
Differences between projected and actual earnings on pension plan investments	-	49,467
Differences between expected and actual experience in the measurement of the total pension liability	234,772	-
Changes of assumptions	147,384	28,762
Total	$ 1,903,184	$ 78,229

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 1,852,637
2022	(3,700,584)
2023	(560,779)
2024	531,898
Total	$ (1,876,828)

Year Ended June 30,	CalPERS Safety Risk Pool Deferred Outflows/(Inflows) of Resources
2021	$ 34,293
2022	(79,598)
2023	(13,785)
2024	9,623
Total	$ (49,467)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 18,895,736
2022	7,334,646
2023	2,421,638
2024	242,162
Total	$ 28,894,182

Year Ended June 30,	CalPERS Safety Deferred Outflows/(Inflows) of Resources
2021	$ 829,321
2022	344,218
2023	141,619
Total	$ 1,315,158

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2018 and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

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

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

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

Discount Rate

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

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

Discount Rate	CalPERS Net Pension Liability
1% decrease (6.15%)	$ 291,673,267
Current discount rate (7.15%)	202,349,338
1% increase (8.15%)	128,248,971

Discount Rate	CalPERS Safety Risk Pool Net Pension Liability
1% decrease (6.15%)	$ 5,446,265
Current discount rate (7.15%)	3,595,769
1% increase (8.15%)	2,078,652

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 $28,228,529 (10.328 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated an additional 2019–2020 contribution on-behalf of school employers of $1.1 billion for CalSTRS. A proportionate share of these contributions totaling $9,468,794 has been recorded in these financial statements. On behalf payments related to these additional contributions have not been included in the original budgeted amounts reported in the *General Fund – Budgetary Comparison Schedule.*

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 $75,993, which was one percent of its current-year covered payroll. Employee contributions amounted to $495,609.

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, 2020.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2020.

Construction Commitments

As of June 30, 2020, 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 II- Arroyo Valley High School	$ 49,957	06/30/24
Athletic Complex Upgrades-Phase II- Cajon High School	9,097	06/30/24
Athletic Complex Upgrades-Phase II- Indian Springs High School	28,161	06/30/24
Athletic Complex Upgrades-Phase II- Pacific High School	13,975	06/30/24
Athletic Complex Upgrades-Phase II- San Bernardino High School	20,294	06/30/24
Athletic Complex Upgrades-Phase III- Arroyo Valley High School	3,387	06/30/24
Athletic Complex Upgrades-Phase III- Cajon High School	4,700	06/30/24
Athletic Complex Upgrades-Phase III- San Bernardino High School	4,200	06/30/24
Athletic Complex Upgrades-Phase III- San Gorgonio High School	6,400	06/30/24
Barton Elementary School Modernization	1,350,785	06/30/24
Bradley Elementary School Modernization	178,089	06/30/24
Cajon High School CTE - Building F Projects	24,923	06/30/24
Del Rosa Elementary School Modernization	81,823	06/30/24
Del Rosa Kinder	179,194	06/30/24
District Police Headquarters	195,645	06/30/24
Indian Springs High School CTE	163,101	06/30/24
Indian Springs Black Box	134,779	06/30/24
Martin Luther King Jr. Middle School Modernization	3,466,411	06/30/24
North Park Elementary School Modernization	40,835	06/30/24
Office Expansion PDC SMART/ WHAA	18,238	06/30/24
Paakuma Expansion	5,878	06/30/24
Pacific High School CTE Transportation Building	326,162	06/30/24
Pacific High School - Admin Building	70,213	06/30/24
Pacific High School - Modernization	692,982	06/30/24
Rio Vista Elementary School Modernization	1,307,363	06/30/24
San Andreas - Growing Hope - Classroom G-2	1,692	06/30/24
San Bernardino High School CTE	321,068	06/30/24
San Bernardino High School Theater	310,620	06/30/24
Serrano Middle School Modernization	36,494	06/30/24
Sierra High School Modernization	131,121	06/30/24
Single Point Entry (11 Sites)	1,648,514	06/30/24
Warm Springs Elementary School Modernization	94,847	06/30/24
Welcoming Resources Center	9,067	06/30/24
Cole Elementary School Modernization	95,756	06/30/24
Hunt Elementary School Modernization	43,501	06/30/24
Bonnie Oehl Elementary School Modernization	22,511	06/30/24
	$ 11,091,783	

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 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, 2020, the District made payments of $3,461,589, $489,405, and $301,316 to SCSRM, SCSEBA, and SELF, respectively, for the coverage noted above.

Note 16 - Risks and Uncertainties

Coronavirus Pandemic

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

Note 17 - Subsequent Events

Election of 2012 General Obligation Bonds, Series F

On September 10, 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 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.

Election of 2012 General Obligation Bonds, Series G

On September 10, 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.

2020 General Obligation Refunding Bonds, Series A

On September 10, 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.

2020 General Obligation Refunding Bonds, Series B

On September 10, 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.

Required Supplementary Information
June 30, 2020

San Bernardino City Unified School District

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final	(GAAP Basis)	Final to Actual
Revenues				
Local Control Funding Formula	$ 553,192,102	$ 550,329,646	$ 553,386,725	$ 3,057,079
Federal sources	50,789,417	52,857,845	49,261,712	(3,596,133)
Other State sources	74,455,174	85,922,947	97,323,794	11,400,847
Other local sources	10,302,296	9,607,306	15,703,390	6,096,084
Total revenues [1]	688,738,989	698,717,744	715,675,621	16,957,877
Expenditures				
Current				
Certificated salaries	300,311,119	302,705,242	301,489,245	1,215,997
Classified salaries	91,333,013	90,654,816	90,956,280	(301,464)
Employee benefits	185,494,932	185,067,061	196,996,120	(11,929,059)
Books and supplies	29,067,080	48,853,435	51,009,712	(2,156,277)
Services and operating expenditures	97,079,427	97,840,859	97,335,796	505,063
Capital outlay	13,119,313	15,235,577	12,085,839	3,149,738
Other outgo	2,943,480	4,516,599	(587,020)	5,103,619
Debt service - principal	-	-	2,929,148	(2,929,148)
Debt service - interest	-	-	2,293,175	(2,293,175)
Total expenditures [1]	719,348,364	744,873,589	754,508,295	(9,634,706)
Excess (Deficiency) of Revenues over Expenditures	(30,609,375)	(46,155,845)	(38,832,674)	7,323,171
Other Financing Sources (Uses)				
Transfers in	-	2,014	2,014	-
Transfers out	(3,554)	(5,429)	(5,429)	-
Net financing sources (uses)	(3,554)	(3,415)	(3,415)	-
Net Change in Fund Balance	(30,612,929)	(46,159,260)	(38,836,089)	7,323,171
Fund Balance - Beginning	90,924,073	90,924,073	90,924,073	-
Fund Balance - Ending	$ 60,311,144	$ 44,764,813	$ 52,087,984	$ 7,323,171

[1] As Fund 14, Deferred Maintenance Fund, for reporting purposes has 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.

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

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

	2020	2019	2018
Year ended June 30,			
District's proportion of the net OPEB liability	0.9703%	0.9217%	0.9334%
District's proportionate share of the net OPEB liability	$ 3,613,190	$ 3,528,155	$ 3,927,024
District's covered payroll	N/A[1]	N/A[1]	N/A[1]
District's proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

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

	2020	2019	2018
CalSTRS			
District's proportion of the net pension liability	0.5485%	0.5135%	0.5156%
District's proportionate share of the net pension liability	$ 495,357,132	$ 471,976,343	$ 476,814,851
State's proportionate share of the net pension liability associated with the District	270,250,386	270,228,530	282,079,638
Total	$ 765,607,518	$ 742,204,873	$ 758,894,489
District's covered payroll	$ 294,509,146	$ 261,948,385	$ 271,078,657
District's proportionate share of the net pension liability as a percentage of its covered payroll	168.20%	180.18%	175.90%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017
CalPERS			
District's proportion of the net pension liability	0.6943%	0.6941%	0.6748%
District's proportionate share of the net pension liability	$ 202,349,338	$ 185,064,897	$ 161,091,171
District's covered payroll	$ 97,102,757	$ 93,009,607	$ 87,645,191
District's proportionate share of the net pension liability as a percentage of its covered payroll	208.39%	198.97%	183.80%
Plan fiduciary net position as a percentage of the total pension liability	71%	71%	72%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017
CalPERS- SAFETY RISK POOL			
District's proportion of the net pension liability	0.0576%	0.0592%	0.0628%
District's proportionate share of the net pension liability	$ 3,595,769	$ 3,475,844	$ 3,751,888
District's covered payroll	$ 2,053,305	$ 2,074,975	$ 1,853,036
District's proportionate share of the net pension liability as a percentage of its covered payroll	175.12%	167.51%	202.47%
Plan fiduciary net position as a percentage of the total pension liability	71%	71%	72%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

	2017	2016	2015
CalSTRS			
District's proportion of the net pension liability	0.5069%	0.5067%	0.4545%
District's 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 associated with the District	233,379,408	180,436,628	160,366,217
Total	$ 643,333,248	$ 521,597,756	$ 425,942,154
District's covered payroll	$ 256,558,229	$ 235,204,155	$ 224,057,629
District's 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			
District's proportion of the net pension liability	0.6771%	0.6606%	0.7166%
District's proportionate share of the net pension liability	$ 133,720,804	$ 97,352,351	$ 81,354,671
District's covered payroll	$ 81,804,735	$ 79,747,749	$ 69,703,855
District's 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			
District's proportion of the net pension liability	0.0657%	0.0713%	0.0473%
District's proportionate share of the net pension liability	$ 3,402,716	$ 2,937,502	$ 2,941,679
District's covered payroll	$ 1,545,625	$ 1,192,863	$ 1,158,119
District's 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.

	2020	2019	2018
CalSTRS			
Contractually required contribution	$ 51,026,450	$ 47,946,089	$ 37,799,152
Contributions in relation to the contractually required contribution	51,026,450	47,946,089	37,799,152
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered payroll	$ 298,400,292	$ 294,509,146	$ 261,948,385
Contributions as a percentage of covered payroll	17.10%	16.28%	14.43%
CalPERS			
Contractually required contribution	$ 20,201,948	$ 17,538,700	$ 14,445,322
Contributions in relation to the contractually required contribution	20,201,948	17,538,700	14,445,322
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered - employee payroll	$ 102,438,761	$ 97,102,757	$ 93,009,607
Contributions as a percentage of covered payroll	19.721%	18.062%	15.531%
CalPERS - SAFETY RISK POOL			
Contractually required contribution	$ 559,264	$ 499,559	$ 703,070
Contributions in relation to the contractually required contribution	559,264	499,559	703,070
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered payroll	$ 2,264,069	$ 2,053,305	$ 2,074,975
Contributions as a percentage of covered payroll	24.702%	24.330%	33.883%

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

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

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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.

At June 30, 2020, the District General Fund exceeded the budgeted amount in total as follows:

	Expenditures and Other Uses		
	Budget	Actual*	Excess
General Fund	$ 744,879,018	$ 754,513,724	$ 9,634,706

* Actual expenditures include on behalf payments related to SB 90 totaling $9,468,794 that were not include in the final budget.

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 3.80 percent in 2018 to 3.50 percent in 2019.

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

This schedule presents information on the District's proportionate share of the 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 3.87 percent to 3.50 percent since the previous valuation.

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

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

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

Schedule of District Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

Supplementary Information
June 30, 2020

San Bernardino City Unified School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	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			
Federal Child Care, Center Based	93.596	13609	$ 382,893
Total U.S. Department of Health and Human Services			382,893
U.S. Department of Agriculture			
Passed through CDE			
Child Nutrition Cluster			
National School Lunch Program	10.555	13396	16,320,485
Basic School Breakfast Program	10.553	13390	16,122
Especially Needy Breakfast Program	10.553	13526	3,671,448
Meal Supplements	10.556	13392	400,323
Seamless Summer Food Program	10.559	13004	1,812,940
Commodities	10.555	13396	1,410,689
Subtotal Child Nutrition Cluster			23,632,007
Child & Adult Care Food Program	10.558	13393	894,652
Total U.S. Department of Agriculture			24,526,659
U.S. Department of Defense			
Junior Reserve Office Training Corps	12.000	[1]	140,050
Total Expenditure of Federal Awards			$ 75,122,161

[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	2020
Scott Wyatt, Ed.D	Vice President	2020
Dr. Barbara Flores	Member	2022
Michael J. Gallo	Member	2020
Dr. Margaret Hill	Member	2020
Abigail Rosales-Medina	Member	2022
Danny Tillman	Member	2022

ADMINISTRATION

Harold Vollkommer, Ed.D	Interim Superintendent
Vacant	Deputy Superintendent
Jayne Christakos	Associate Superintendent, Business, Facilities, and Operations
Rachel Monárrez, Ph.D	Assistant Superintendent, Continuous Improvement
Marcus Funchess, Ed.D.	Assistant Superintendent, Human Resources
Sandra L. Rodriguez, Ed.D.	Assistant Superintendent, Student Services
Ana Applegate	Assistant Superintendent, Education Services

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	15,189.29	15,189.29
Fourth through sixth	11,141.74	11,141.74
Seventh and eighth	7,167.69	7,167.69
Ninth through twelfth	12,264.72	12,264.72
Total Regular ADA	45,763.44	45,763.44
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	2.94	2.94
Fourth through sixth	12.36	12.36
Seventh and eighth	17.01	17.01
Ninth through twelfth	54.95	54.95
Total Special Education, Nonpublic, Nonsectarian Schools	87.26	87.26
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.05	0.05
Fourth through sixth	0.21	0.21
Seventh and eighth	0.32	0.32
Ninth through twelfth	2.78	2.78
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	3.36	3.36
Community Day School		
Transitional kindergarten through third	2.22	2.18
Fourth through sixth	11.65	11.46
Seventh and eighth	3.37	3.31
Ninth through twelfth	-	-
Total Community Day School	17.24	16.95
Total ADA	45,871.30	45,871.01

Grade Level	1986-1987 Minutes Requirement	2019-2020 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	36,000	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		54,925	180	N/A	Complied
Grade 2		54,925	180	N/A	Complied
Grade 3		54,925	180	N/A	Complied
Grades 4 - 8	54,000				
Grade 4		54,925	180	N/A	Complied
Grade 5		54,925	180	N/A	Complied
Grade 6		54,925	180	N/A	Complied
Grade 7		61,547	180	N/A	Complied
Grade 8		61,547	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		65,856	180	N/A	Complied
Grade 10		65,856	180	N/A	Complied
Grade 11		65,856	180	N/A	Complied
Grade 12		65,856	180	N/A	Complied

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2020.

	(Budget) 2020 [1]	2020	2019	2018
General Fund [3]				
Revenues	$ 789,440,665	$ 713,644,022	$ 724,447,284	$ 669,637,335
Other sources and transfers in	-	2,014	-	-
Total revenues and other sources	789,440,665	713,646,036	724,447,284	669,637,335
Expenditures	(798,424,039)	(752,561,297)	(739,403,539)	(666,280,162)
Other uses and transfers out	-	(5,429)	(533,031)	(2,121,667)
Total expenditures and other uses	(798,424,039)	(752,566,726)	(739,936,570)	(668,401,829)
Increase (Decrease) in Fund Balance	$ (8,983,374)	$ (38,920,690)	$ (15,489,286)	$ 1,235,506
Ending Fund Balance	$ 42,571,643	$ 51,555,017	$ 90,475,707	$ 105,964,993
Available Reserves [2]	$ 22,021,834	$ 15,100,000	$ 21,801,656	$ 14,876,118
Available Reserves as a Percentage of Total Outgo	2.8%	2.0%	2.9%	2.2%
Long-Term Liabilities	N/A	$ 1,232,223,759	$ 1,192,176,387	$ 1,104,536,101
K-12 Average Daily Attendance at P-2	45,644	45,871	46,104	46,706

The General Fund balance has decreased by $54,409,976 over the past two years. The fiscal year 2020-2021 budget projects a further decrease of $8,983,374 (17.4 percent). For a district this size, the State recommends available reserves of at least two percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating deficit in two of the past three years and anticipates incurring an operating deficit during the 2020-2021 fiscal year. Total long-term liabilities have increased by $127,687,658 over the past two years.

Average daily attendance has decreased by 835 over the past two years. An additional decline of 227 ADA is anticipated during fiscal year 2020-2021.

[1] Budget 2021 is included for analytical purposes only and has not been subjected to audit.
[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.
[3] General Fund amounts do not include activity related to the consolidation of the Fund 14, Deferred Maintenance Fund, as required by GASB Statement No. 54.

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

	Adult Education Fund	Child Development Fund	Capital Facilities Fund	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	$ 1,010,625	$ 2,773,043	$ 6,875,644	$ 19,665,281	$ 7,364,509	$ 22,048,626	$ 59,737,728
Receivables	1,671,145	19,987	35,014	136,020	90,498	-	1,952,664
Due from other funds	-	-	-	10,000,000	12,875	-	10,012,875
Total assets	$ 2,681,770	$ 2,793,030	$ 6,910,658	$ 29,801,301	$ 7,467,882	$ 22,048,626	$ 71,703,267
Liabilities and Fund Balances							
Liabilities							
Accounts payable	$ 723,654	$ 584,202	$ 31,040	$ -	$ 352,083	$ -	$ 1,690,979
Due to other funds	323,771	638,660	-	-	2	-	962,433
Unearned revenue	228,882	265,776	-	-	-	-	494,658
Total liabilities	1,276,307	1,488,638	31,040	-	352,085	-	3,148,070
Fund Balances							
Restricted	1,277,437	1,304,392	6,879,618	29,801,301	-	22,048,626	61,311,374
Assigned	128,026	-	-	-	7,115,797	-	7,243,823
Total fund balances	1,405,463	1,304,392	6,879,618	29,801,301	7,115,797	22,048,626	68,555,197
Total liabilities and fund balances	$ 2,681,770	$ 2,793,030	$ 6,910,658	$ 29,801,301	$ 7,467,882	$ 22,048,626	$ 71,703,267

	Adult Education Fund	Child Development Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues							
Federal sources	$ 950,897	$ 382,893	$ -	$ -	$ -	$ -	$ 1,333,790
Other State sources	6,940,564	12,732,691	-	3,000,000	-	149,939	22,823,194
Other local sources	439,839	233,488	2,780,317	567,595	265,844	19,650,460	23,937,543
Total revenues	8,331,300	13,349,072	2,780,317	3,567,595	265,844	19,800,399	48,094,527
Expenditures							
Current							
Instruction	4,444,646	115,522	-	-	-	-	4,560,168
Instruction-related activities							
Supervision of instruction	54,176	493,361	-	-	-	-	547,537
School site administration	2,606,072	268,052	-	-	-	-	2,874,124
Pupil services							
All other pupil services	408,227	105,736	-	-	-	-	513,963
Administration							
All other administration	252,090	478,291	-	-	-	-	730,381
Plant services	648,615	331,253	-	-	-	-	979,868
Community services	-	11,191,807	-	-	-	-	11,191,807
Other outgo	-	-	-	-	-	10,205	10,205
Facility acquisition and construction	-	689	(14,380)	162,369	3,464,944	-	3,613,622
Debt service							
Principal	-	-	-	-	-	10,715,000	10,715,000
Interest and other	-	-	-	-	-	9,136,595	9,136,595
Total expenditures	8,413,826	12,984,711	(14,380)	162,369	3,464,944	19,861,800	44,873,270
Excess (Deficiency) of Revenues Over Expenditures	(82,526)	364,361	2,794,697	3,405,226	(3,199,100)	(61,401)	3,221,257
Other Financing Sources (Uses)							
Transfers in	-	-	3,554	-	1,875	-	5,429
Transfers out	-	-	-	-	(22,781)	-	(22,781)
Net financing sources (uses)	-	-	3,554	-	(20,906)	-	(17,352)
Net Change in Fund Balances	(82,526)	364,361	2,798,251	3,405,226	(3,220,006)	(61,401)	3,203,905
Fund Balances - Beginning	1,487,989	940,031	4,081,367	26,396,075	10,335,803	22,110,027	65,351,292
Fund Balances - Ending	$ 1,405,463	$ 1,304,392	$ 6,879,618	$ 29,801,301	$ 7,115,797	$ 22,048,626	$ 68,555,197

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, 2020. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the 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, 2020, 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 amounts consist of 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 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		$ 77,219,982
Qualified School Construction Bonds - Interest Subsidy	[1]	(2,097,821)
Total schedule of expenditures of federal awards		$ 75,122,161

[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 Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Due to school closures caused by COVID-19, the District filed the COVID-19 School Closure Certification certifying that schools were closed for 48 days due to the pandemic. As a result, the District received credit for these 48 days in meeting the annual instructional days requirement. In addition, planned minutes covered by the COVID-19 School Certification were included in the Actual Minutes column but were not actually offered due to the COVID-19 school closure

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited 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, 2020

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 Board of Directors
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, 2020, 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 February 26, 2021.

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

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

We noted certain matters that we reported to management of San Bernardino City Unified School District in a separate letter dated February 26, 2021.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
February 26, 2021

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

To the Board of Directors
San Bernardino City Unified School District
San Bernardino, California

Report on Compliance for Each Major Federal Program
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, 2020. 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.

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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, 2020.

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.

Eide Bailly LLP

Rancho Cucamonga, California
February 26, 2021

Independent Auditor's Report on State Compliance

To the Board of Directors
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 *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2020.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Compliance Requirements Tested

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

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, see below
Continuation Education	Yes, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	Yes
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	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
After/Before School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study for Charter Schools	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instruction Minutes Classroom-Based	No, see below
Charter School Facility Grant Program	No, see below

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

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

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

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

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 with the laws and regulations of the state programs referred to above for the year ended June 30, 2020.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
February 26, 2021

Schedule of Findings and Questioned Costs
June 30, 2020

San Bernardino City Unified School District

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major 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:

Name of Federal Program or Cluster	CFDA Numbers
Title I, Part A, Basic Grants Low-Income and Neglected	84.010
School Improvement Funding for LEAs	84.010
Title II, Part A - Supporting Effective Instruction	84.367

Dollar threshold used to distinguish between Type A and Type B programs:	$2,253,665
Auditee qualified as low-risk auditee?	Yes

STATE COMPLIANCE

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

None reported.

None reported.

None reported.

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

Management
San Bernardino City Unified School District
San Bernardino, California

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

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated February 26, 2021, on the government-wide financial statements of the District.

Associated Student Body (ASB)

Roosevelt Elementary School

Observation

- ASB disbursements were being made without explicit receiving documentation for goods being ordered. One of two disbursements tested were paid without the direct knowledge of whether the goods being ordered have been received by the ASB.

Recommendation

- All goods being ordered should be documented with explicit receiving documentation. Documentation should indicate the date that the goods have been received and documentation regarding whether the goods have been received intact, undamaged, and in the correct quantities. Payments for vendor invoices should only be made once the receiving documentation is available.

Cesar Chavez Middle School

Observation

- ASB disbursements were being made without explicit receiving documentation for goods being ordered. One of 19 disbursements tested were paid without the direct knowledge of whether the goods being ordered have been received by the ASB.

Recommendation

- All goods being ordered should be documented with explicit receiving documentation. Documentation should indicate the date that the goods have been received and documentation regarding whether the goods have been received intact, undamaged, and in the correct quantities. Payments for vendor invoices should only be made once the receiving documentation is available.

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Dr. Martin Luther King Jr. Middle School

Observation

- ASB disbursements were being made without explicit receiving documentation for goods being ordered. Three of five disbursements tested were paid without the direct knowledge of whether the goods being ordered have been received by the ASB.

Recommendation

- All goods being ordered should be documented with explicit receiving documentation. Documentation should indicate the date that the goods have been received and documentation regarding whether the goods have been received intact, undamaged, and in the correct quantities. Payments for vendor invoices should only be made once the receiving documentation is available.

Paakuma' K-8 School

Observation

- ASB disbursements were being made without explicit receiving documentation for goods being ordered. Two of 25 disbursements tested were paid without the direct knowledge of whether the goods being ordered have been received by the ASB.

Recommendation

- All goods being ordered should be documented with explicit receiving documentation. Documentation should indicate the date that the goods have been received and documentation regarding whether the goods have been received intact, undamaged, and in the correct quantities. Payments for vendor invoices should only be made once the receiving documentation is available.

Rodriguez Prep Academy

Observation

- ASB disbursements were being made without explicit receiving documentation for goods being ordered. Three of nineteen disbursements tested were paid without the direct knowledge of whether the goods being ordered have been received by the ASB.

Recommendation

- All goods being ordered should be documented with explicit receiving documentation. Documentation should indicate the date that the goods have been received and documentation regarding whether the goods have been received intact, undamaged, and in the correct quantities. Payments for vendor invoices should only be made once the receiving documentation is available.

Richardson PREP HI Middle School

Observation

- ASB disbursements were being made without explicit receiving documentation for goods being ordered. Six disbursements tested were paid without the direct knowledge of whether the goods being ordered have been received by the ASB.

Recommendation

- All goods being ordered should be documented with explicit receiving documentation. Documentation should indicate the date that the goods have been received and documentation regarding whether the goods have been received intact, undamaged, and in the correct quantities. Payments for vendor invoices should only be made once the receiving documentation is available.

<u>Shandin Hills Middle School</u>

Observations

1. ASB disbursements were being made without explicit receiving documentation for goods being ordered. One of seven disbursements tested were paid without the direct knowledge of whether the goods being ordered have been received by the ASB.
2. Based on the review of the disbursement procedures, it was noted that one of seven disbursements tested did not provide adequate support for the check amount. Purchase order and invoice did not properly support payment amount. Therefore, expenditure was not preapproved by student body.

Recommendations

1. All goods being ordered should be documented with explicit receiving documentation. Documentation should indicate the date that the goods have been received and documentation regarding whether the goods have been received intact, undamaged, and in the correct quantities. Payments for vendor invoices should only be made once the receiving documentation is available.
2. In order to ensure proper internal controls over the ASB disbursements, the site should only make a payment if a valid invoice or other supporting document is present and reviewed and approved for the payment. This will ensure payment is made for actual disbursement and the amount agrees to the invoice.

<u>San Gorgonio High School</u>

Observation

- Two of 25 disbursements tested were not approved by the ASB Council prior to transactions taking place. This could potentially lead to spending in excess of available funds. Additionally, expenditures of a questionable nature could arise if disbursements are not approved by all three required approvers.

Recommendation

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

Indian Springs High School

Observations

1. One of the 25 disbursements tested was not approved prior to transactions taking place. This could potentially lead to spending in excess of available funds. Additionally, expenditures of a questionable nature could arise if disbursements are not pre-approved.
2. ASB disbursements were being made without explicit receiving documentation for goods being ordered. Nine disbursements tested were paid without the direct knowledge of whether the goods being ordered have been received by the ASB.
3. For the four fundraising events tested, all four events contained a revenue potential form that was not complete.

Recommendations

1. In order to ensure proper internal controls over the ASB disbursements, the site should ensure that all disbursement transactions are pre-approved by the student council. This would allow the student council to determine if the proposed activities are appropriate and to determine if sufficient funding is available to finance the activities or the purchases.
2. All goods being ordered should be documented with explicit receiving documentation. Documentation should indicate the date that the goods have been received and documentation regarding whether the goods have been received intact, undamaged, and in the correct quantities. Payments for vendor invoices should only be made once the receiving documentation is available.
3. All revenue potentials must be completely filled out at the end of each fundraiser. The revenue potential form is important because it shows whether all the monies that should have been raised and turned in actually were based on the price of the item and number sold. The form is also used to document overages and shortages or losses of merchandise. An explanation of any overages/shortages must be documented on the form. The site administrator should ensure that these forms are completed and turned into the bookkeeper at the conclusion of the fundraiser.

Pacific High School

Observations

1. ASB disbursements were being made without explicit receiving documentation for goods being ordered. Twelve disbursements tested were paid without the direct knowledge of whether the goods being ordered have been received by the ASB.
2. For the three fundraising events tested, one event contained a revenue potential form that was not complete.

Recommendations

1. All goods being ordered should be documented with explicit receiving documentation. Documentation should indicate the date that the goods have been received and documentation regarding whether the goods have been received intact, undamaged, and in the correct quantities. Payments for vendor invoices should only be made once the receiving documentation is available.

2. All revenue potentials must be completely filled out at the end of each fundraiser. The revenue potential form is important because it shows whether all the monies that should have been raised and turned in actually were based on the price of the item and number sold. The form is also used to document overages and shortages or losses of merchandise. An explanation of any overages/shortages must be documented on the form. The site administrator should ensure that these forms are completed and turned into the bookkeeper at the conclusion of the fundraiser.

San Bernardino High School

Observation

- For the three fundraising events tested, two events contained a revenue potential form that was not complete.

Recommendation

- All revenue potentials must be completely filled out at the end of each fundraiser. The revenue potential form is important because it shows whether all the monies that should have been raised and turned in actually were based on the price of the item and number sold. The form is also used to document overages and shortages or losses of merchandise. An explanation of any overages/shortages must be documented on the form. The site administrator should ensure that these forms are completed and turned into the bookkeeper at the conclusion of the fundraiser.

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

Eide Bailly LLP

Rancho Cucamonga, California
February 26, 2021