Annual Financial Report
June 30, 2019

SAN BERNARDINO CITY
UNIFIED SCHOOL DISTRICT

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SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

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FINANCIAL SECTION

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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 the San Bernardino City Unified School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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; and the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* issued by the California Education Audit Appeals Panel as regulations. 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.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the San Bernardino City Unified School District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 5 through 13, budgetary comparison schedule on page 82, schedule of changes in the District's net OPEB liability and related ratios on page 83, schedule of the District's proportionate share of the net OPEB liability - MPP program on page 84, schedule of the District's proportionate share of the net pension liability on page 85, and the schedule of District contributions on page 86, 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 the San Bernardino City Unified School District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and Schedule of Expenditures of Federal Awards, as required by *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 the other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates 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 accompanying supplementary information is 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 our report dated December 16, 2019, on our consideration of the 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, and 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
December 16, 2019

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, 2019, with comparative information for the year ending June 30, 2018. 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 *District-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.

BUSINESS SERVICES DIVISION
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District-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 and liabilities. 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 obligations) 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 14.08 percent or $55,485,629. Most of this decrease in the District's financial position came from its governmental activities, the net position of which decreased by $55,113,895 to $329,721,975. The net position of the District's business-type activities decreased by $371,734 to $8,862,616.

Table A-1

	Governmental Activities		Business-Type Activities		School District Activities	
	2019	2018	2019	2018	2019	2018
Assets						
Current and other assets	$ 436,774,427	$ 383,186,099	$ 20,341,634	$ 18,730,253	$ 457,116,061	$ 401,916,352
Capital assets	968,156,892	975,255,642	3,309,091	3,174,285	971,465,983	978,429,927
Total Assets	**1,404,931,319**	**1,358,441,741**	**23,650,725**	**21,904,538**	**1,428,582,044**	**1,380,346,279**
Deferred Outflows of Resources	**214,584,840**	**229,154,030**	**5,809,819**	**5,994,646**	**220,394,659**	**235,148,676**
Liabilities						
Current liabilities	88,912,480	90,739,854	1,001,039	1,001,532	89,913,519	91,741,386
Long-term obligations	529,361,282	460,949,937	2,298,021	1,928,254	531,659,303	462,878,191
Aggregate net pension liability	643,262,002	626,285,335	17,255,082	15,372,575	660,517,084	641,657,910
Total Liabilities	**1,261,535,764**	**1,177,975,126**	**20,554,142**	**18,302,361**	**1,282,089,906**	**1,196,277,487**
Deferred Inflows of Resources	**28,258,420**	**24,784,775**	**43,786**	**362,473**	**28,302,206**	**25,147,248**
Net Position						
Net investment in capital assets	723,401,949	743,825,823	3,309,091	3,174,285	726,711,040	747,000,108
Restricted	131,737,311	126,638,424	5,553,525	6,060,065	137,290,836	132,698,489
Unrestricted	(525,417,285)	(485,628,377)	-	-	(525,417,285)	(485,628,377)
Total Net Position	**$ 329,721,975**	**$ 384,835,870**	**$ 8,862,616**	**$ 9,234,350**	**$ 338,584,591**	**$ 394,070,220**

Changes in Net Position

The District's total revenues increased by $48,214,309 (see Table A-2). State and Federal aid for specific programs contributed about 23 cents of every dollar raised. Another 73.5 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	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues:						
Charges for services	$ 9,809,012	$ 8,020,435	$ 1,196,009	$ 1,339,920	$ 11,005,021	$ 9,360,355
Operating grants and contributions	151,907,273	137,381,266	31,994,367	31,392,621	183,901,640	168,773,887
Capital grants and contributions	523,372	345,739	-	-	523,372	345,739
General revenues:						
Federal and State unrestricted	515,648,758	489,155,205	-	-	515,648,758	489,155,205
Property taxes	71,130,497	63,293,069	-	-	71,130,497	63,293,069
Other general revenues	15,781,551	18,955,618	263,081	155,738	16,044,632	19,111,356
Total Revenues	**764,800,463**	**717,151,332**	**33,453,457**	**32,888,279**	**798,253,920**	**750,039,611**
Expenses						
Instruction-related	594,907,746	542,489,072	-	-	594,907,746	542,489,072
Pupil services	81,360,665	76,533,509	-	-	81,360,665	76,533,509
Administration	35,525,067	31,708,524	-	-	35,525,067	31,708,524
Plant services	78,536,835	80,244,996	-	-	78,536,835	80,244,996
Other	29,584,045	27,845,162	33,825,191	32,297,928	63,409,236	60,143,090
Total Expenses	**819,914,358**	**758,821,263**	**33,825,191**	**32,297,928**	**853,739,549**	**791,119,191**
Change in Net Position	**$ (55,113,895)**	**$ (41,669,931)**	**$ (371,734)**	**$ 590,351**	**$ (55,485,629)**	**$ (41,079,580)**

The total cost of all programs and services increased by $62,620,358. The District's expenses are predominantly related to educating and caring for students (79.2 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 $55,485,629 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 $764,800,463, whereas total expenses were $819,914,358. The decrease in net position for governmental activities occurred due to an overall increase in expenses.

- Some of the District's activities ($9,809,012) 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 ($152,430,645). See Table A-2.

Business-Type Activities

Revenues of the District's business-type activities were $33,453,457, and expenses were $33,825,191. (Refer to Table A-2)

Net Cost of Services

Table A-3 presents the costs of major District governmental activities: instruction, instruction-related activities, other pupil services (guidance, counseling, and evaluation), general administration, plant services, and all 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 ($657,674,701) million were financed by District taxpayers and the taxpayers of our State.
- This portion of governmental activities was financed with $71,130,497 in property taxes, and $515,648,758 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	
	2019	2018	2019	2018
Instruction-related	$ 594,907,746	$ 542,489,072	$ 467,946,912	$ 424,217,222
Pupil services	81,360,665	76,533,509	67,751,157	64,149,939
Administration	35,525,067	31,708,524	30,816,774	28,052,475
Plant services	78,536,835	80,244,996	75,680,667	79,205,354
Other	29,584,045	27,845,162	15,479,191	17,448,823
Total	**$ 819,914,358**	**$ 758,821,263**	**$ 657,674,701**	**$ 613,073,813**

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 $285,257,052, an increase of 19.3 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 $15,190,325. The District continues to meet the State required two percent fund balance reserve for Economic Uncertainties.

Table A-4

	Balances and Activity			
	July 1, 2018	Revenues	Expenditures	June 30, 2019
General Fund	$ 106,114,398	$ 726,470,423	$ 741,660,748	$ 90,924,073
Building Fund	70,829,013	3,640,971	20,695,087	53,774,897
Capital Projects Fund for Blended Component Units	-	76,014,631	807,841	75,206,790
Adult Education Fund	837,598	9,235,461	8,585,070	1,487,989
Child Development Fund	417,215	13,647,547	13,124,731	940,031
Capital Facilities Fund	3,529,479	2,664,373	2,112,485	4,081,367
County School Facilities Fund	27,586,818	523,372	1,714,115	26,396,075
Special Reserve Fund for Capital Outlay Projects	9,892,818	1,941,321	1,498,336	10,335,803
Bond Interest and Redemption Fund	19,961,059	20,037,402	17,888,434	22,110,027
Total	**$ 239,168,398**	**$ 854,175,501**	**$ 808,086,847**	**$ 285,257,052**

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 $66,168,831 and the actual results for the year show expenditures exceeding revenues by $14,657,294.

- Actual revenues were $19,944,350 lower than expected, due primarily to lower federal and state sources.
- The actual expenditures were $71,455,887 under budget, due primarily to less spending on Books and supplies, Services and operating expenditures, and Capital outlay.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2019, the District had invested $971,465,983 in a broad range of capital assets, including school facilities and equipment. Total depreciation expense for the year was $32,977,984. (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	
	2019	2018	2019	2018	2019	2018
Land and construction in process	$ 53,537,926	$ 49,048,939	$ -	$ -	$ 53,537,926	$ 49,048,939
Buildings and improvements	900,060,941	911,715,919	2,042,144	2,485,532	902,103,085	914,201,451
Equipment	14,558,025	14,490,784	1,266,947	688,753	15,824,972	15,179,537
Total	**$ 968,156,892**	**$ 975,255,642**	**$ 3,309,091**	**$ 3,174,285**	**$ 971,465,983**	**$ 978,429,927**

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

Long-Term Obligations

At year-end, the District had $531,659,303 in long-term obligations increasing last year's balance by $68,781,112.

Table A-6

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds - net (financed with property taxes)	$ 295,784,288	$ 301,211,104	$ -	$ -	$ 295,784,288	$ 301,211,104
Certificates of participation - net	118,304,631	47,750,000	-	-	118,304,631	47,750,000
Discount on issuance	(266,287)	(306,231)	-	-	(266,287)	(306,231)
Capital lease obligations	39,148	153,339	-	-	39,148	153,339
Compensated absences	3,749,864	3,848,348	-	-	3,749,864	3,848,348
Claims liability	21,267,381	21,741,424	-	-	21,267,381	21,741,424
SELF assessment	1,205,334	1,506,650	-	-	1,205,334	1,506,650
Net other postemployment benefits (OPEB) liability	89,276,923	85,045,303	2,298,021	1,928,254	91,574,944	86,973,557
Total	**$ 529,361,282**	**$ 460,949,937**	**$ 2,298,021**	**$ 1,928,254**	**$ 531,659,303**	**$ 462,878,191**

We present more detailed information regarding our long-term obligations in Note 9 of the financial statements.

Net Pension Liability - NPL

At year-end, the District had a net pension liability of $643,262,002 in governmental activities and $17,255,082 in business-type activities. The District has also recorded its proportionate share of the related deferred inflows and outflows. See Note 12 for additional information about the net pension liability.

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

1. Since the Local Control Funding Formula is based on an improved or slow/no growth in the economy of the State of California, any volatility in revenues will impact the District's financial condition.
2. The District anticipates that its enrollment or Average Daily Attendance (1.3 percent decrease in 2018-2019) will decline during fiscal year 2019-2020.
3. Collective bargaining.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Deposits and investments	$ 402,024,208	$ 13,244,312	$ 415,268,520
Receivables	32,513,992	7,193,484	39,707,476
Internal balances	1,777,675	(1,777,675)	-
Prepaid expenses	458,552	-	458,552
Stores inventories	-	1,681,513	1,681,513
Capital assets			
Land and construction in process	53,537,926	-	53,537,926
Capital assets being depreciated	1,222,556,388	17,540,095	1,240,096,483
Less: Accumulated depreciation	(307,937,422)	(14,231,004)	(322,168,426)
Total Capital Assets	968,156,892	3,309,091	971,465,983
Total Assets	1,404,931,319	23,650,725	1,428,582,044
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	5,577,072	-	5,577,072
Deferred outflows of resources related to net OPEB liability	8,295,461	222,162	8,517,623
Deferred outflows of resources related to pensions	200,712,307	5,587,657	206,299,964
Total Deferred Outflows of Resources	214,584,840	5,809,819	220,394,659
LIABILITIES			
Accounts payable	82,091,801	965,637	83,057,438
Accrued interest payable	5,315,284	-	5,315,284
Unearned revenue	1,505,395	35,402	1,540,797
Long-term obligations:			
Current portion of long-term obligations other than pensions	23,030,826	-	23,030,826
Noncurrent portion of long-term obligations other than pensions	506,330,456	2,298,021	508,628,477
Total Long-Term Obligations	529,361,282	2,298,021	531,659,303
Aggregate net pension liability	643,262,002	17,255,082	660,517,084
Total Liabilities	1,261,535,764	20,554,142	1,282,089,906
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to net OPEB liability	1,792,698	43,786	1,836,484
Deferred inflows of resources related to pensions	26,465,722	-	26,465,722
Total Deferred Inflows of Resources	28,258,420	43,786	28,302,206
NET POSITION			
Net investment in capital assets	723,401,949	3,309,091	726,711,040
Restricted for:			
Debt service	16,794,743	-	16,794,743
Capital projects	30,477,442	-	30,477,442
Educational programs	36,759,499	-	36,759,499
Other activities	47,705,627	5,553,525	53,259,152
Unrestricted	(525,417,285)	-	(525,417,285)
Total Net Position	$ 329,721,975	$ 8,862,616	$ 338,584,591

The accompanying notes are an integral part of these financial statements.

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities:				
Instruction	$ 489,403,985	$ 4,058,191	$ 98,437,664	$ 523,372
Instruction-related activities:				
Supervision of instruction	41,131,484	146,811	13,651,509	-
Instructional library, media, and technology	4,243,615	2	441,683	-
School site administration	60,128,662	2,596,281	7,105,321	-
Pupil services:				
Home-to-school transportation	20,690,803	-	58,356	-
Food services	(122,344)	-	93,035	-
All other pupil services	60,792,206	524,963	12,933,154	-
Administration:				
Data processing	10,232,358	-	174,822	-
All other administration	25,292,709	319,477	4,213,994	-
Plant services	78,536,835	711,299	2,144,869	-
Community services	12,845,704	113,143	11,262,863	-
Enterprise services	(1,686,916)	-	2,283	-
Interest on long-term obligations	17,425,356	-	-	-
Other outgo	999,901	1,338,845	1,387,720	-
Total Governmental Activities	819,914,358	9,809,012	151,907,273	523,372
Business-Type Activities				
Food services	33,825,191	1,196,009	31,994,367	-
Total School District	$ 853,739,549	$ 11,005,021	$ 183,901,640	$ 523,372

General revenues and subventions:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Taxes levied for other specific purposes

Federal and State aid not restricted to specific purposes

Interest and investment earnings

Miscellaneous

Subtotal, General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

The accompanying notes are an integral part of these financial statements.

Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
$ (386,384,758)	$ -	$ (386,384,758)
(27,333,164)	-	(27,333,164)
(3,801,930)	-	(3,801,930)
(50,427,060)	-	(50,427,060)
(20,632,447)	-	(20,632,447)
215,379	-	215,379
(47,334,089)	-	(47,334,089)
(10,057,536)	-	(10,057,536)
(20,759,238)	-	(20,759,238)
(75,680,667)	-	(75,680,667)
(1,469,698)	-	(1,469,698)
1,689,199	-	1,689,199
(17,425,356)	-	(17,425,356)
1,726,664	-	1,726,664
(657,674,701)	-	(657,674,701)
-	(634,815)	(634,815)
(657,674,701)	(634,815)	(658,309,516)
46,240,002	-	46,240,002
19,623,464	-	19,623,464
5,267,031	-	5,267,031
515,648,758	-	515,648,758
3,338,829	251,505	3,590,334
12,442,722	11,576	12,454,298
602,560,806	263,081	602,823,887
(55,113,895)	(371,734)	(55,485,629)
384,835,870	9,234,350	394,070,220
$ 329,721,975	$ 8,862,616	$ 338,584,591

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019

	General Fund	Building Fund	Capital Project Fund for Blended Component Units	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Deposits and investments	$ 137,105,677	$ 57,249,091	$ 75,206,790	$ 65,975,084	$ 335,536,642
Receivables	28,525,099	363,729	-	2,642,432	31,531,260
Due from other funds	2,781,862	-	-	640,423	3,422,285
Prepaid expenditures	458,552	-	-	-	458,552
Total Assets	$ 168,871,190	$ 57,612,820	$ 75,206,790	$ 69,257,939	$ 370,948,739
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 74,854,098	$ 3,836,699	$ -	$ 2,431,128	$ 81,121,925
Due to other funds	2,026,036	1,224	-	1,037,107	3,064,367
Unearned revenue	1,066,983	-	-	438,412	1,505,395
Total Liabilities	77,947,117	3,837,923	-	3,906,647	85,691,687
Fund Balances:					
Nonspendable	669,552	-	-	-	669,552
Restricted	36,759,499	53,774,897	75,206,790	54,845,632	220,586,818
Assigned	31,693,366	-	-	10,505,660	42,199,026
Unassigned	21,801,656	-	-	-	21,801,656
Total Fund Balances	90,924,073	53,774,897	75,206,790	65,351,292	285,257,052
Total Liabilities and Fund Balances	$ 168,871,190	$ 57,612,820	$ 75,206,790	$ 69,257,939	$ 370,948,739

The accompanying notes are an integral part of these financial statements.

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

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

Total Fund Balance - Governmental Funds		**$ 285,257,052**
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:	$ 1,276,094,314	
Accumulated depreciation is:	(307,937,422)	
Net Capital Assets		968,156,892
The District has refunded various debt obligations. The difference between the amounts that were sent to escrow agents for the payment of the old debts and the actual remaining debt obligations will be amortized as an adjustment to interest expense over the remaining life of the refunded debt. This balance represents the unamortized deferred charges on refunding remaining as of June 30, 2019.		5,577,072
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.		45,447,464
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term obligations is recognized when it is incurred.		(5,315,284)
Deferred outflows of resources related to pensions represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to pensions at year-end consist of:		
Pension contributions subsequent to measurement date	64,402,200	
Net change in proportionate share of net pension liability	31,951,989	
Differences between projected and actual earnings on pension plan investments	1,399,949	
Differences between expected and actual experience in the meansurement of the total pension liability	12,539,262	
Changes of assumptions	90,418,907	
Total Deferred Outflows of Resources Related to Pensions		200,712,307

The accompanying notes are an integral part of these financial statements.

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION (Continued)
JUNE 30, 2019

Deferred inflows of resources related to pensions represent an acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to pensions at year-end consist of:		
Net change in proportionate share of net pension liability	$ (1,389,639)	
Differences between projected and actual earnings on pension plan investments	(17,851,208)	
Differences between expected and actual experience in the meansurement of the total pension liability	(7,178,862)	
Changes of assumptions	(46,013)	
Total Deferred Inflows of Resources Related to Pensions		$ (26,465,722)
Deferred outflows of resources related to OPEB represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to OPEB at year-end consist of amounts paid for OPEB as benefits come due subsequent to measurement date.		8,295,461
Deferred inflows of resources related to OPEB represent an acquisition of net position that applies to a future period are not reported in the District's funds. Deferred Inflow of resources related to OPEB at year-end consist of:		
Changes of assumptions	(1,790,434)	
Net difference between projected and actual earnings on OPEB plan investments	(2,264)	
Total Deferred Inflows of Resources Related to OPEB		(1,792,698)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the fund.		(643,262,002)
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term obligations at year-end consist of:		
General obligation bonds	243,038,577	
Unamortized premium on issuance	31,507,264	
Certificates of participation	104,995,000	
Unamortized discount on issuance	(266,287)	
Capital lease obligations	39,148	
Compensated absences	3,749,864	
Net other postemployment benefits (OPEB) liability	89,276,923	
In addition, the District issues "capital appreciation" general obligation bonds. The accretion of interest on unmatured general obligation bonds to date is:	34,548,078	
Total Long-Term Obligations		(506,888,567)
Total Net Position - Governmental Activities		**$ 329,721,975**

The accompanying notes are an integral part of these financial statements.

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Building Fund	Capital Project Fund for Blended Component Units
REVENUES			
Local Control Funding Formula	$ 540,108,866	$ -	$ -
Federal sources	55,986,012	2,359,843	-
Other State sources	118,525,483	2,944	-
Other local sources	11,850,062	1,278,184	-
Total Revenues	726,470,423	3,640,971	-
EXPENDITURES			
Current			
Instruction	444,952,147	-	-
Instruction-related activities:			
Supervision of instruction	39,529,561	-	-
Instructional library, media, and technology	4,125,699	-	-
School site administration	56,167,984	-	-
Pupil services:			
Home-to-school transportation	20,611,292	-	-
Food services	110,904	-	-
All other pupil services	58,188,242	-	-
Administration:			
Data processing	9,993,292	-	-
All other administration	22,141,801	-	-
Plant services	65,367,429	-	-
Community services	982,947	-	-
Other outgo	999,901	-	-
Enterprise services	2,284	-	-
Facility acquisition and construction	17,835,748	11,421,710	-
Debt service			
Principal	114,191	5,460,000	-
Interest and other	4,295	3,813,377	807,841
Total Expenditures	741,127,717	20,695,087	807,841
Deficiency of Revenues Over Expenditures	(14,657,294)	(17,054,116)	(807,841)
Other Financing Sources (Uses)			
Transfers in	-	-	-
Other sources - proceeds from issuance of certificate of participations	-	-	62,705,000
Other sources - premium on issuance of certificate of participations	-	-	13,309,631
Transfers out	(533,031)	-	-
Net Financing Sources (Uses)	(533,031)	-	76,014,631
NET CHANGE IN FUND BALANCES	(15,190,325)	(17,054,116)	75,206,790
Fund Balances - Beginning	106,114,398	70,829,013	-
Fund Balances - Ending	$ 90,924,073	$ 53,774,897	$ 75,206,790

The accompanying notes are an integral part of these financial statements.

Non-Major Governmental Funds	Total Governmental Funds
$ -	$ 540,108,866
1,434,998	59,780,853
20,396,637	138,925,064
23,970,695	37,098,941
45,802,330	775,913,724
4,681,187	449,633,334
576,070	40,105,631
-	4,125,699
2,841,462	59,009,446
-	20,611,292
-	110,904
421,126	58,609,368
-	9,993,292
731,810	22,873,611
965,600	66,333,029
11,450,637	12,433,584
-	999,901
-	2,284
3,652,730	32,910,188
8,330,000	13,904,191
9,558,434	14,183,947
43,209,056	805,839,701
2,593,274	(29,925,977)
2,247,146	2,247,146
-	62,705,000
-	13,309,631
(1,714,115)	(2,247,146)
533,031	76,014,631
3,126,305	46,088,654
62,224,987	239,168,398
$ 65,351,292	$ 285,257,052

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

Total Net Change in Fund Balances - Governmental Funds		**$ 46,088,654**
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.		
This is the amount by which depreciation exceeds capital outlays in the period.		
Depreciation expense	$ (32,250,662)	
Capital outlays	26,106,425	
Net Expense Adjustment		(6,144,237)
Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.		(954,513)
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 used was more than the amounts earned by $98,484.		98,484
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.		(32,801,301)
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.		(5,824,446)
Proceeds received from Certificates of Participation is a revenue in the governmental funds, but it increases long-term obligations in the Statement of Net Position and does not affect the Statement of Activities. This year the District issued the following:		
2019 Certificates of Participations		(62,705,000)

The accompanying notes are an integral part of these financial statements.

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

Governmental funds report the effects of premiums, discounts, issuance costs, and the deferred amount on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities. This is the net effect of these related items:		
Premium on issuance		$ (13,309,631)
Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term obligations in the Statement of Net Position and does not affect the Statement of Activities:		
General obligation bonds		8,330,000
Certificate of participations		5,460,000
Capital lease obligations		114,191
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	$ 1,619,523	
Amortization of debt discount	(39,944)	
Amortization of deferred charges on refunding	(625,375)	
Combined Adjustment		954,204
Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the result of two factors. First, accrued interest on the general obligation bonds decreased $327,094, and second, $4,522,707 of additional accumulated interest was accreted on the District's "capital appreciation" general obligation bonds.		(4,195,613)
An Internal Service Fund is used by the District's management to charge the costs of the workers compensation insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.		9,775,313
Change in Net Position of Governmental Activities		**$ (55,113,895)**

The accompanying notes are an integral part of these financial statements.

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019

	Business-Type Activities Enterprise Fund Food Service	Governmental Activities - Internal Service Fund
ASSETS		
Current Assets		
Deposits and investments	$ 13,244,312	$ 66,487,566
Receivables	7,193,484	982,732
Due from other funds	-	1,428,103
Stores inventories	1,681,513	-
Total Current Assets	22,119,309	68,898,401
Noncurrent Assets		
Capital assets being depreciated	17,540,095	-
Less: accumulated depreciation	(14,231,004)	-
Total Noncurrent Assets	3,309,091	-
Total Assets	25,428,400	68,898,401
Deferred Outflows of Resources		
Deferred outflows of resources related to OPEB	222,162	-
Deferred outflows of resources related to pensions	5,587,657	-
Total Deferred Outflows	$ 5,809,819	$ -
LIABILITIES		
Current Liabilities		
Accounts payable	$ 965,637	$ 969,876
Due to other funds	1,777,675	8,346
Unearned revenue	35,402	-
Current portion of claims liability	-	3,495,362
Current portion of SELF assessment	-	301,316
Total Current Liabilities	2,778,714	4,774,900
Noncurrent Liabilities		
Noncurrent portion of claims liability and SELF assessment	-	18,676,037
Total OPEB liability	2,298,021	
Aggregate net pension liability	17,255,082	-
Total Noncurrent Liabilities	19,553,103	18,676,037
Deferred Inflows of Resources		
Deferred outflows of resources related to OPEB	43,786	-
NET POSITION		
Net investment in capital assets	3,309,091	-
Restricted	5,553,525	45,447,464
Total Net Position	$ 8,862,616	$ 45,447,464

The accompanying notes are an integral part of these financial statements.

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities Enterprise Fund Food Service	Governmental Activities - Internal Service Fund
OPERATING REVENUES		
Charges for services	$ 1,196,009	$ -
Charges to other funds and miscellaneous revenues	11,576	16,632,218
Total Operating Revenues	1,207,585	16,632,218
OPERATING EXPENSES		
Payroll costs	17,214,014	739,811
Professional and contract services	(151,074)	-
Supplies and materials	14,642,755	20,676
Facility rental	137,777	422
Other operating cost	1,254,397	7,191,902
Depreciation	727,322	-
Total Operating Expenses	33,825,191	7,952,811
Operating Income (Loss)	(32,617,606)	8,679,407
NONOPERATING REVENUES		
Interest income	251,505	1,095,906
Federal grants	29,968,635	-
State grants	2,025,732	-
Total Nonoperating Revenues	32,245,872	1,095,906
Change in Net Position	(371,734)	9,775,313
Total Net Position - Beginning	9,234,350	35,672,151
Total Net Position - Ending	$ 8,862,616	$ 45,447,464

The accompanying notes are an integral part of these financial statements.

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities Enterprise Fund Food Service	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from user charges	$ 969,917	$ -
Cash receipts from interfund services provided	-	16,893,852
Other operating cash receipts	11,576	(146,169)
Cash payments to other suppliers of goods or services	(15,140,397)	-
Cash payments to employees for services	(15,095,600)	(739,811)
Cash payments for insurance claims	-	(7,967,261)
Other operating cash payments	(1,392,174)	-
Net Cash Provided (Used) by Operating Activities	(30,646,678)	8,040,611
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Nonoperating grants received	31,994,367	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(862,128)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	251,505	1,095,906
Net Increase in Cash and Cash Equivalents	737,066	9,136,517
Cash and Cash Equivalents - Beginning	12,507,246	57,351,049
Cash and Cash Equivalents - Ending	$ 13,244,312	$ 66,487,566
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	$ (32,617,606)	$ 8,679,407
Adjustments to reconcile operating income (loss) to net cash provided (used) for operating activities:		
Depreciation	727,322	-
Changes in assets and liabilities:		
Receivables	(220,786)	(786,936)
Due from other fund	-	256,804
Inventories	(666,770)	-
Deferred outflows	184,827	-
Accounts payables	4,813	661,865
Due to other fund	13,241	4,830
Unearned revenue	(5,306)	-
Deferred inflows	(318,687)	-
Net pension liability	1,882,507	-
Net other postemployment benefits (OPEB) liability	369,767	
Claims liability and assessment	-	(775,359)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (30,646,678)	$ 8,040,611

NONCASH, NONCAPITAL FINANCING ACTIVITIES

During the year, the District received $1,740,609 of food commodities from the U.S. Department of Agriculture.

The accompanying notes are an integral part of these financial statements.

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019

	Scholarship Trust	Agency Funds
ASSETS		
Deposits and investments	$ 405,374	$ 1,844,285
Receivables	2,302	2,254
Stores inventories	-	141,291
Total Assets	407,676	$ 1,987,830
LIABILITIES		
Accounts payable	-	$ 25,993
Due to student groups	-	1,961,837
Total Liabilities	-	$ 1,987,830
NET POSITION		
Held in reserve for scholarships	407,676	
Total Net Position	$ 407,676	

The accompanying notes are an integral part of these financial statements.

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
JUNE 30, 2019

	Scholarship Trust
ADDITIONS	
Interest	$ 7,857
DEDUCTIONS	
Scholarships awarded	2,400
Change in Net Position	5,457
Net Position - Beginning	402,219
Net Position - Ending	$ 407,676

The accompanying notes are an integral part of these financial statements.

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*, 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, has a financial and operational relationship which meets the reporting entity definition criteria of GASB Statement No. 14, *The Financial Reporting Entity*, 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), Excel Prep Charter (Charter Number 1153), SOAR Charter Academy (Charter Number 0982), Taft T. Newman Leadership Academy (Charter Number 1437), Ballington Academy for the Arts and Science – San Bernardino (1795), and 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 $448,366.

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 lA), 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 obligations.

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 Funds are the Bradley Rogers and Jeffords Trust Funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund accounts for 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. Generally, available is defined as collectible within 45 or 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. 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 revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Certain grants received before the eligibility requirements are met are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

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, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the 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 held at June 30, 2019, 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)

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures during the benefiting period.

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 expenditures in the governmental-type funds and expenses in the proprietary-type and fiduciary-type funds when used.

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 estimated fair market 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 Obligations

All payables, accrued liabilities, and long-term obligations 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 obligations 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 obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund Statement of Net Position. Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs are amortized over the life of the bonds using the straight-line method.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. 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.

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

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.

Fund Balances - Governmental Funds

As of June 30, 2019, 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 liabilities. 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 $137,290,836 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 November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations.* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

The District has implemented the provisions of this Statement as of June 30, 2019.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The District has implemented the provisions of this Statement as of June 30, 2019.

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.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2018. Early implementation is encouraged.

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.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged.

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.

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.

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.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

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.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2020. Early implementation is encouraged.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2019, are classified in the accompanying financial statements as follows:

Governmental activities	$ 402,024,208
Business-type activities	13,244,312
Fiduciary funds	2,249,659
Total Deposits and Investments	$ 417,518,179

Deposits and investments as of June 30, 2019, consist of the following:

Cash on hand and in banks	$ 78,802,820
Cash in revolving	220,510
Investments	338,494,849
Total Deposits and Investments	$ 417,518,179

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	$ 325,086,183	424
Wells Fargo Advantage Cash Investment Money Market Funds	3,194,435	17
Wells Fargo Advantage Repurchase Agreement		
Overland Express Sweep Account	10,214,231	1
Total	$ 338,494,849	

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/V1 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, 2019, the District's bank balance of $1,302,504 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 $1,262,726 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 District's fair value measurements are as follows at June 30, 2019:

Investment Type	Reported Amount	Uncategorized
San Bernardino County Treasury Investment Pool	$ 325,086,183	$ 325,086,183

NOTE 4 - RECEIVABLES

Receivables at June 30, 2019, 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
Federal Government				
Categorical aid	$ 14,711,808	$ -	$ 444,521	$ -
State Government				
Categorical aid	7,261,215	-	1,257,903	-
Lottery	2,338,227	-	-	-
Special Education	889,528	-	-	-
Local Government				
Interest	665,753	335,544	252,206	339,124
Other Local Sources				
Other	2,658,568	28,185	687,802	643,608
Total	$ 28,525,099	$ 363,729	$ 2,642,432	$ 982,732

	Total Governmental Activities	Food Service Enterprise Fund	Fiduciary Funds
Federal Government			
Categorical aid	$ 15,156,329	$ 6,654,401	$ -
State Government			
Categorical aid	8,519,118	456,198	-
Lottery	2,338,227	-	-
Special Education	889,528	-	-
Local Government			
Interest	1,592,627	-	2,302
Other Local Sources			
Other	4,018,163	82,885	2,254
Total	$ 32,513,992	$ 7,193,484	$ 4,556

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	$ 32,151,833	$ -	$ -	$ 32,151,833
Construction in process	16,897,106	22,585,190	18,096,203	21,386,093
Total Capital Assets Not Being Depreciated	49,048,939	22,585,190	18,096,203	53,537,926
Capital Assets Being Depreciated				
Land improvements	55,847,893	4,262,443	-	60,110,336
Buildings and improvements	1,112,504,809	13,833,759	-	1,126,338,568
Furniture and equipment	44,407,116	3,521,236	11,820,868	36,107,484
Total Capital Assets Being Depreciated	1,212,759,818	21,617,438	11,820,868	1,222,556,388
Less Accumulated Depreciation				
Land improvements	38,641,428	1,583,944	-	40,225,372
Buildings and improvements	217,995,355	28,167,236	-	246,162,591
Furniture and equipment	29,916,332	2,499,482	10,866,355	21,549,459
Total Accumulated Depreciation	286,553,115	32,250,662	10,866,355	307,937,422
Governmental Activities Capital Assets, Net	$ 975,255,642	$ 11,951,966	$ 19,050,716	$ 968,156,892
Business-Type Activities				
Capital Assets Being Depreciated				
Buildings and improvements	$ 8,841,937	$ -	$ -	$ 8,841,937
Furniture and equipment	7,836,030	862,128	-	8,698,158
Total Capital Assets Being Depreciated	16,677,967	862,128	-	17,540,095
Less Accumulated Depreciation				
Buildings and improvements	6,356,405	443,388	-	6,799,793
Furniture and equipment	7,147,277	283,934	-	7,431,211
Total Accumulated Depreciation	13,503,682	727,322	-	14,231,004
Business-Type Activities Capital Assets, Net	$ 3,174,285	$ 134,806	$ -	$ 3,309,091

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

Governmental Activities	
Instruction	$ 29,025,596
All other pupil services	645,013
All other general administration	322,507
Plant services	2,257,546
Total Depreciation Expenses Governmental Activities	32,250,662
Business-Type Activities	
Food services	727,322
Total Depreciation Expenses All Activities	$ 32,977,984

NOTE 6 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2019, 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	$ -	$ 1,012	$ 994,829	$ 8,346	$ 1,777,675	$ 2,781,862
Non-Major Governmental Funds	640,423	-	-	-	-	640,423
Internal Service Fund	1,385,613	212	42,278	-	-	1,428,103
Total	$ 2,026,036	$ 1,224	$ 1,037,107	$ 8,346	$ 1,777,675	$ 4,850,388

The balance of $1,777,675 due to the General Fund from the Food Service Major Enterprise Fund resulted from payroll, indirect costs, benefits, and other operating costs.

A balance of $379,863 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 $614,961 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 $107,392 due to the Adult Education Non-Major Governmental Fund from the General Fund resulted from operating contributions.

A balance of $533,031 due to the Child Development Non-Major Governmental Fund from the General Fund resulted from operating contributions.

The balance of $1,385,613 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, 2019, consisted of the following:

	Transfer From		
Transfer To	General Fund	Non-Major Governmental Funds	Total
Non-Major Governmental Funds	$ 533,031	$ 1,714,115	$ 2,247,146

The General Fund transferred to the Child Development Non-Major Governmental Fund for an operating contribution.	$ 533,031
The County Schools Facilities Non-Major Governmental Fund transferred qualified capital outlay expenditures to the Special Reserve Fund for Capital Outlay Projects Non-Major Governmental Fund.	1,714,115
Total	$ 2,247,146

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2019, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund
Accrued salaries and benefits	$ 31,476,912	$ -	$ 805,037	$ -
LCFF apportionment	5,412,823	-	-	-
Books and supplies	10,578,315	-	64,771	-
Services and other operating	21,101,170	292,060	315,353	-
Construction	6,149,219	3,544,639	1,245,967	-
Other vendor payables	135,659	-	-	969,876
Total	$ 74,854,098	$ 3,836,699	$ 2,431,128	$ 969,876

	Total Governmental Activities	Food Service Enterprise Fund	Fiduciary Funds
Accrued salaries and benefits	$ 32,281,949	$ -	$ -
LCFF apportionment	5,412,823	-	-
Books and supplies	10,643,086	245,228	-
Services and other operating	21,708,583	101,416	-
Construction	10,939,825	618,993	-
Other vendor payables	1,105,535	-	25,993
Total	$ 82,091,801	$ 965,637	$ 25,993

NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2019, consists of the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Activities	Food Service Enterprise Fund
Federal financial assistance	$ 363,562	$ -	$ 363,562	$ -
State categorical aid	361,684	20,143	381,827	-
Other local	341,737	418,269	760,006	35,402
Total	$ 1,066,983	$ 438,412	$ 1,505,395	$ 35,402

NOTE 9 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the year consisted of the following:

Governmental Activities	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Due in One Year
General obligation bonds	$ 281,393,948	$ 4,522,707	$ 8,330,000	$ 277,586,655	$ 10,715,000
Premium on issuance	19,817,156	-	1,619,523	18,197,633	-
Certificates of Participation	47,750,000	62,705,000	5,460,000	104,995,000	8,480,000
Discount on issuance	(306,231)	-	(39,944)	(266,287)	-
Premium on issuance	-	13,309,631	-	13,309,631	-
Capital lease obligations	153,339	-	114,191	39,148	39,148
Compensated absences	3,848,348	-	98,484	3,749,864	-
Claims liability	21,741,424	3,021,319	3,495,362	21,267,381	3,495,362
SELF assessment	1,506,650	-	301,316	1,205,334	301,316
Net other postemployment benefits (OPEB) liability	85,045,303	9,896,606	5,664,986	89,276,923	-
Total Governmental Activities	$ 460,949,937	$ 93,455,263	$ 25,043,918	$ 529,361,282	$ 23,030,826
Business-Type Activities					
Net other postemployment benefits (OPEB) liability	$ 1,928,254	$ 421,843	$ 52,076	$ 2,298,021	$ -
District Total	$ 462,878,191	$ 93,877,106	$ 25,095,994	$ 531,659,303	$ 23,030,826

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. Certificates of Participation are paid from the Capital Projects Fund for Blended Component Units. The capital lease obligations will be paid by the General Fund. The compensated absences and net other postemployment benefits will be paid by the fund for which the employee worked. 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, 2018	Issued	Accreted	Redeemed	Bonds Outstanding June 30, 2019
5/1/03	8/1/27	1.10 - 5.46%	15,000,000	$ 16,985,523	$ -	$ 925,844	$ -	$ 17,911,367
9/16/04	8/1/29	1.25 - 5.46%	44,999,498	1,444,433	-	130,320	-	1,574,753
5/18/06	8/1/30	4.50 - 5.15%	67,999,967	4,434,593	-	373,400	-	4,807,993
3/14/07	8/1/30	3.77 - 4.74%	9,997,217	12,949,016	-	537,901	25,000	13,461,917
3/3/11	8/1/42	7.41 - 7.50%	11,525,419	20,665,456	-	1,573,165	-	22,238,621
3/3/11	8/1/35	7.41 - 7.50%	5,477,434	10,824,927	-	982,077	-	11,807,004
5/22/13	8/1/28	2.00 - 5.00%	86,000,000	74,030,000	-	-	5,100,000	68,930,000
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	8,070,000	-	-	410,000	7,660,000
8/7/14	8/1/28	2.00-5.00%	24,705,000	19,160,000	-	-	2,125,000	17,035,000
7/15/15	8/1/40	2.00-5.00%	32,495,000	30,395,000	-	-	670,000	29,725,000
10/31/17	8/1/42	3.00-5.00%	31,550,000	31,550,000	-	-	-	31,550,000
10/31/17	8/1/42	4.00-5.00%	21,085,000	21,085,000	-	-	-	21,085,000
				$ 281,393,948	$ -	$ 4,522,707	$ 8,330,000	$ 277,586,655

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, and yield 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 San Bernardino City Unified School 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, 2019, 1999 General Obligation Bonds, Series C totaling $17,911,367 (including accretion) were still outstanding. Unamortized premium received on issuance amounted to $166,567.

2004 General Obligation Bonds, Series A

On September 16, 2004, the San Bernardino City Unified School 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 were issued at an aggregate price of $45,972,569, (representing the principal amount of $44,999,498 plus an original issue premium of $1,946,303 less cost of issuance of $973,232). The bonds have a final maturity which occurs on August 1, 2029, and yield 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, 2019, 2004 General Obligation Bonds, Series A, totaling $1,574,753 (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. The bonds were issued at an aggregate price of $71,995,896, (representing the principal amount of $67,999,967 plus an original issue premium of $5,604,225 less cost of issuance of $1,608,296). 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 yields 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, 2019, the principal balance outstanding (including accretion) was $4,807,993. Unamortized premium received on issuance amounted to $2,690,028.

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 were issued at an aggregate price of $9,997,217, (representing the principal amount of $9,997,217 plus an original issue premium of $306,344 less cost of issuance of $306,344).

The bonds have a final maturity which occurs on August 1, 2030, and yield 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, 2019, the principal balance outstanding (including accretion) was $13,461,917. Unamortized premium received on issuance amounted to $159,297.

2004 General Obligation Bonds, Series D

On March 3, 2011, the San Bernardino City Unified School District issues 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 were issued at an aggregate price of $11,550,483 (representing the principal amount of $11,525,419 plus an original issue premium of $505,866 less cost of issuance of $480,802).

The bonds have a final maturity which occurs on August 1, 2042, and yield 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, 2019, the principal balance outstanding (including accretion) was $22,238,621. Unamortized premium received on issuance amounted to $374,131.

2004 General Obligation Bonds, Series E

On March 3, 2011, the San Bernardino City Unified School District issues 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 were issued at an aggregate price of $4,603,168 (representing the principal amount of $5,477,434 plus an original issue premium of $229,502 less cost of issuance of $1,103,768).

The bonds have a final maturity which occurs on August 1, 2035, and yield interest rates of 7.41 to 7.50 percent. Proceeds from the sale of the bonds will be 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, 2019, the principal balance outstanding (including accretion) was $11,807,004. Unamortized premium on issuance amounted to $153,002.

2013 Refunding General Obligation Bonds

On May 22, 2013, the San Bernardino City Unified School 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 were issued at an aggregate price of $99,134,891 (representing the principal amount of $86,000,000 and premium of $13,864,035, less cost of issuance of $729,144). The bonds have a final maturity which occurs on August 1, 2028, with interest rate ranging from 2.0 to 5.0 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. The refunding resulted in a cumulative cash flow savings of $7,894,614 over the life of the new debt and an economic gain of $6,343,785 based on the difference between the present value of the existing debt service requirements and new debt service requirements discounted at 1.50 percent. As of June 30, 2019, the principal balance outstanding was $68,930,000. Unamortized premium received on issuance and deferred charge on refunding were $8,241,399 and $5,489,632, respectively.

2012 General Obligation Bonds, Series A

On June 12, 2013, the San Bernardino City Unified School 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 were issued at an aggregate price of $30,769,060, representing the principal amount of $30,150,000 plus an original issue premium of $897,269 less cost of issuance of $278,209. The bonds have a final maturity which occurs on August 1, 2037, and yield interest rates of 2.00 to 4.00 percent. The bonds will be used to fund the construction, renovation, and repair of certain District facilities. At June 30, 2019, 2012 General Obligation Bonds, Series A, totaling $29,800,000 were still outstanding. Unamortized premium received on issuance amounted to $669,837.

2012 General Obligation Bonds, Series B

On June 12, 2013, the San Bernardino City Unified School 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 were issued at an aggregate price of $12,406,730, representing the principal amount of $12,515,000 less cost of issuance of $108,270. The bonds have a final maturity which occurs on August 1, 2027, and yield 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, 2019, 2012 General Obligation Bonds, Series B, totaling $7,660,000 were still outstanding.

2014 Refunding General Obligation Bonds

On August 7, 2014, the San Bernardino City Unified School 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 were issued at an aggregate price of $27,311,511 (representing the principal amount of $24,705,000 and premium of $2,791,906, less cost of issuance of $185,395). The bonds have a final maturity which occurs on August 1, 2028 with interest rates of 2.0 to 5.0 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. The refunding resulted in a cumulative cash flow saving of $4,307,072 over the life of the new debt and an economic gain of $3,608,895 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.48 percent. As of June 30, 2019, the principal balance outstanding was $17,035,000, and unamortized premium received on issuance deferred charge on refunding were $1,794,796 and $87,440, respectively.

2012 General Obligation Bonds, Series C

On July 15, 2015, the San Bernardino City Unified School 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 were issued at an aggregate price of $34,464,574, representing the principal amount of $32,495,000 plus a premium of $1,969,574. The bonds have a final maturity which occurs on August 1, 2040, and yield 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, 2019, 2012 General Obligation Bonds, Series C, totaling $29,725,000 were still outstanding. Unamortized premium received on issuance was $1,654,442.

2012 General Obligation Bonds, Series D

On October 31, 2017, the District issued $31,550,000 General Obligation Bonds. The bonds were issued as current interest bonds. The bonds issued at an aggregate price of $32,861,241 (representing the principal amount of $31,550,000 and premium of 1,701,920, less cost of issuance of $390,679). 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, 2019, 2012 General Obligation Bonds, Series D, totaling $31,550,000 were still outstanding. Unamortized premium received on issuance was $1,565,766.

2012 General Obligation Bonds, Series E

On October 31, 2017, the District issued $21,085,000 General Obligation Bonds. The bonds were issued as current interest bonds. The bonds issued at an aggregate price of $21,623,286 (representing the principal amount of $21,085,000 and premium of 791,704, less cost of issuance of $253,418). 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, 2019, 2012 General Obligation Bonds, Series E, totaling $21,085,000 were still outstanding. Unamortized premium received on issuance was $728,368.

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
2020	$ 10,714,327	$ 673	$ 9,136,595	$ 19,851,595
2021	10,877,463	122,537	8,706,979	19,706,979
2022	12,044,041	215,959	8,261,512	20,521,512
2023	11,929,275	320,725	7,774,890	20,024,890
2024	13,006,684	423,316	7,265,503	20,695,503
2025-2029	70,663,272	5,641,728	28,105,492	104,410,492
2030-2034	49,355,352	33,699,648	17,960,544	101,015,544
2035-2039	54,806,536	46,483,464	11,698,494	112,988,494
2040-2043	44,189,705	35,390,295	2,688,553	82,268,553
Total	$ 277,586,655	$ 122,298,345	$ 101,598,562	$ 501,483,562

Certificates of Participation

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2018	Issued	Redeemed	Bonds Outstanding June 30, 2019
3/3/11	2/1/26	7.903-8.403%	53,080,000	$ 47,750,000	$ -	$ 5,460,000	$ 42,290,000
6/27/19	10/1/38	3.00-5.00%	62,705,000	-	62,705,000	-	62,705,000
				$ 47,750,000	$ 62,705,000	$ 5,460,000	$ 104,995,000

2011 Certificates of Participation, Series A

On March 3, 2011, the San Bernardino City Unified School District issued the 2011 Certificates of Participation Series A in the amount of $53,080,000. The certificates were issued at an aggregate price of $52,092,198 (representing the principal amount of $53,080,000 less an original issue discount of $599,154 and cost of issuance of $388,648). 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 will be used to finance the construction, renovation, and repair of certain school facilities. At June 30, 2019, the principal balance outstanding was $42,290,000. Unamortized discount on issuance amounted to $266,287.

2019 Certificates of Participation

On June 27, 2019, the San Bernardino City Unified School District issued 2019 Certificates of Participation in the amount of $62,705,000. The certificates were issued at an aggregate price of $75,000,000 (representing the principal amount of $62,705,000 plus an original premium on issuance of $13,309,631 less cost of issuance of $1,014,631). 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, 2019, the principal balance outstanding was $62,705,000. Unamortized premium on issuance amounted to $13,309,631.

Debt Service Requirements to Maturity

The certificates mature through 2039 as follows:

Year Ending June 30,	Principal	Current Interest to Maturity	Total
2020	$ 8,480,000	$ 5,682,138	$ 14,162,138
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
2025-2029	23,550,000	14,437,034	37,987,034
2030-2034	18,380,000	9,191,750	27,571,750
2035-2039	27,005,000	3,602,375	30,607,375
Total	$ 104,995,000	$ 53,634,180	$ 158,629,180

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, 2018	$	157,981
Payments		(118,486)
Balance, June 30, 2019	$	39,495

The capital leases have minimum lease payments as follows:

Year Ending June 30,		Lease Payment
2020	$	39,495
Less: Amount Representing Interest		(347)
Present Value of Minimum Lease Payments	$	39,148

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2019, amounted to $3,749,864.

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, 2019, amounted to $21,267,381, using a discount factor of 1.5 percent. See Note 11 for additional details.

SELF Assessment

The District is a member of School Excess Liability Fund (SELF), a cost sharing Joint Powers Authority (JPA) for the purpose of providing the District workers' compensation insurance. The SELF board of directors declared an equity assessment to the member districts. At June 30, 2019 the District's outstanding obligation on their pro-rata share of equity assessed was $1,205,334.

Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2019, 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	$ 88,046,789	$ 8,517,623	$ 1,836,484	$ 6,623,059
Medicare Premium Payment (MPP) Program	3,528,155	-	-	(398,869)
Total	$ 91,574,944	$ 8,517,623	$ 1,836,484	$ 6,224,190

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 a single-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.

Plan Membership

At June 30, 2017, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	299
Active employees	4,347
	4,646

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 required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements with the District, SBTA, CSEA, and the unrepresented groups. For the June 30, 2018 measurement period, the District contributed $2,322,945 to the Plan, which was used for current premiums.

Net OPEB Liability of the District

The District's net OPEB liability of $88,046,789 was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The components of the net OPEB liability of the District at June 30, 2018, were as follows:

Total OPEB liability	$ 88,120,148
Plan fiduciary net position	(73,359)
District's net OPEB liability	$ 88,046,789
Plan fiduciary net position as a percentage of the total OPEB liability	0.08%

Actuarial Assumptions

The total OPEB liability for the measurement period of June 30, 2018 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2017 and rolling forward the total OPEB liability to June 30, 2018. The following assumptions were 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	3.80 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, 2017 valuation were based on the results of an actual experience study for the period July 1, 2016 to June 30, 2017.

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, 2017	$ 83,114,433	$ 67,900	$ 83,046,533
Service cost	7,088,430	-	7,088,430
Interest	3,229,893	-	3,229,893
Contributions-employer	-	3,322,945	(3,322,945)
Net investment income	-	2,578	(2,578)
Investment gain/losses	-	2,830	(2,830)
Other	-	177	(177)
Changes of assumptions	(1,989,663)	-	(1,989,663)
Benefit payments	(3,322,945)	(3,322,945)	-
Administrative expense	-	(126)	126
Net change in total OPEB liability	5,005,715	5,459	5,000,256
Balance at June 30, 2018	$ 88,120,148	$ 73,359	$ 88,046,789

No changes of benefit terms noted.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.5 percent in 2017 to 3.8 percent in 2018.

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 (2.80%)	$ 94,154,317
Current discount rate (3.80%)	88,046,789
1% increase (4.80%)	82,124,371

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%)	$ 82,486,488
Current healthcare cost trend rate (4.00%)	88,046,789
1% increase (5.00%)	93,719,787

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

For the year ended June 30, 2019, the District recognized OPEB expense of $6,623,059. At June 30, 2019, 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	$ 8,517,623	$ -
Changes of assumptions	-	1,834,220
Net difference between projected and actual earnings on OPEB plan investments	-	2,264
Total	$ 8,517,623	$ 1,836,484

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	$ 156,009
2021	156,009
2022	156,009
2023	156,009
2024	155,443
Thereafter	1,057,005
	$ 1,836,484

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, 2017 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, benefit payments 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, 2019, the District reported a liability of $3,528,155 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. 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, 2018 and June 30, 2017, respectively, was 0.9217 percent, and 0.9334 percent, resulting in a net decrease in the proportionate share of 0.0117 percent.

For the year ended June 30, 2019, the District recognized OPEB expense of $(398,869).

Actuarial Methods and Assumptions

The June 30, 2018 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total OPEB liability to June 30, 2018, using the assumptions listed in the following table:

Measurement Date	June 30, 2018	June 30, 2017
Valuation Date	June 30, 2017	June 30, 2016
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	3.87%	3.58%
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, 2017, 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 459 or an average of 0.27 percent of the potentially eligible population (171,593).

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, 2018, 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, 2018, is 3.87 percent. The MPP Program is funded on a pay-as-you-go basis as described in Note 1, and under the pay-as-you-go method, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.87 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2018, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased 0.29 percent from 3.58 percent as of June 30, 2017.

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 (2.87%)	$ 3,902,317
Current discount rate (3.87%)	3,528,155
1% increase (4.87%)	3,190,316

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the District's proportionate share of the net OPEB liability calculated using the current Medicare costs trend 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)	$ 3,217,323
Current Medicare costs trend rate (3.7% Part A and 4.1% Part B)	3,528,155
1% increase (4.7% Part A and 5.1% Part B)	3,862,452

NOTE 10 - 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	458,552	-	-	-	458,552
Total Nonspendable	669,552	-	-	-	669,552
Restricted					
Legally restricted programs	36,759,499	-	-	2,258,163	39,017,662
Capital projects	-	53,774,897	75,206,790	30,477,442	159,459,129
Debt services	-	-	-	22,110,027	22,110,027
Total Restricted	36,759,499	53,774,897	75,206,790	54,845,632	220,586,818
Assigned					
Deferred maintenance	448,366	-	-	-	448,366
2019-2020 textbook adoption	5,000,000	-	-	-	5,000,000
Deficit spending	22,200,000	-	-	-	22,200,000
Targeted schools support plan	3,800,000	-	-	-	3,800,000
2019-2020 conference costs	245,000				245,000
Adult education	-	-	-	169,857	169,857
Future capital projects	-	-	-	10,335,803	10,335,803
Total Assigned	31,693,366	-	-	10,505,660	42,199,026
Unassigned					
Reserve for economic uncertainties	14,800,000	-	-	-	14,800,000
Remaining unassigned	7,001,656	-	-	-	7,001,656
Total Unassigned	21,801,656	-	-	-	21,801,656
Total	$ 90,924,073	$ 53,774,897	$ 75,206,790	$ 65,351,292	$ 285,257,052

NOTE 11 - RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2019, 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 2019, 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, 2017 to June 30, 2019:

	Workers' Compensation
Liability Balance, July 1, 2017	$ 21,741,424
Claims and changes in estimates	4,248,434
Claims payments	(4,248,434)
Liability Balance, June 30, 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
Assets available to pay claims at June 30, 2019	$ 68,898,401

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS

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

For the fiscal year ended June 30, 2019, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 471,976,343	$ 143,862,567	$ 26,419,426	$ 60,081,300
CalPERS	185,064,897	60,282,857	-	40,154,186
CalPERS - Safety Risk Pool	3,475,844	2,154,540	46,296	(214,652)
Total	$ 660,517,084	$ 206,299,964	$ 26,465,722	$ 100,020,834

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, 2017, 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, 2019, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.28%	16.28%
Required State contribution rate	9.828%	9.828%

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, 2019, are presented above and the District's total contributions were $47,946,089.

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

At June 30, 2019, 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	$ 471,976,343
State's proportionate share of the net pension liability associated with the District	270,228,530
Total	$ 742,204,873

The net pension liability was measured as of June 30, 2018. 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, 2018 and June 30, 2017, respectively, was 0.5135 percent and 0.5156 percent, resulting in a net decrease in the proportionate share of 0.0021 percent.

For the year ended June 30, 2019, the District recognized pension expense of $66,081,300. In addition, the District recognized pension expense and revenue of $31,745,759 for support provided by the State. At June 30, 2019, 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	$ 47,946,089	$ -
Net change in proportionate share of net pension liability	21,130,102	1,389,639
Differences between projected and actual earnings on pension plan investments	-	18,174,070
Differences between expected and actual experience in the measurement of the total pension liability	1,463,580	6,855,717
Changes of assumptions	73,322,796	-
Total	$ 143,862,567	$ 26,419,426

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
2020	$ 3,946,103
2021	(2,863,396)
2022	(15,247,337)
2023	(4,009,440)
Total	$ (18,174,070)

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, 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
2020	$ 19,209,144
2021	19,209,144
2022	19,209,141
2023	14,735,476
2024	15,609,146
Thereafter	(300,929)
Total	$ 87,671,122

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, 2017 and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
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, 2018, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.30%
Fixed income	12%	0.30%
Real estate	13%	5.20%
Private equity	13%	9.30%
Absolute Return/Risk Mitigating Strategies	9%	2.90%
Inflation sensitive	4%	3.80%
Cash/liquidity	2%	-1.00%

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%)	$ 691,390,112
Current discount rate (7.10%)	471,976,343
1% increase (8.10%)	290,061,038

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, 2017 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, 2019, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	18.062%	18.062%

The CalPERS Safety Risk Pool provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Safety Risk Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	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, 2019, are presented above and the total District contributions for CalPERS and CalPERS Safety Risk Pool were $17,538,700 and $499,559, respectively.

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

As of June 30, 2019, the District reported net pension liabilities for its proportionate share of the CalPERS and CalPERS Safety Risk Pool net pension liabilities totaling $185,064,897 and $3,475,844, respectively. The net pension liability was measured as of June 30, 2018. 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, 2018 and June 30, 2017, respectively was 0.6941 percent and 0.6748 percent, resulting in a net increase in the proportionate share of 0.0193 percent for CalPERS. The District's proportionate share for the measurement period June 30, 2018 and June 30, 2017, respectively was 0.0592 percent and 0.0628 percent, resulting in a net decrease in the proportionate share of 0.0036 percent for CalPERS Safety Risk Pool.

For the year ended June 30, 2019, the District recognized pension expense of $40,154,186 for CalPERS and $(214,652) for CalPERS Safety Risk Pool. At June 30, 2019, 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	$ 17,538,700	$ -
Net change in proportionate share of net pension liability	10,616,119	-
Differences between projected and actual earnings on pension plan investments	1,517,947	-
Differences between expected and actual experience in the measurement of the total pension liability	12,132,177	-
Changes of assumptions	18,477,914	-
Total	$ 60,282,857	$ -

	CalPERS Safety Risk Pool	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 499,559	$ -
Net change in proportionate share of net pension liability	1,215,723	-
Differences between projected and actual earnings on pension plan investments	23,533	-
Differences between expected and actual experience in the measurement of the total pension liability	74,684	283
Changes of assumptions	341,041	46,013
Total	$ 2,154,540	$ 46,296

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
2020	$ 5,521,108
2021	1,320,325
2022	(4,231,154)
2023	(1,092,332)
Total	$ 1,517,947

Year Ended June 30,	CalPERS Safety Risk Pool Deferred Outflows/(Inflows) of Resources
2020	$ 113,997
2021	25,369
2022	(91,759)
2023	(24,074)
Total	$ 23,533

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, 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 4.0 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	$ 19,844,434
2021	16,470,022
2022	4,911,754
Total	$ 41,226,210

Year Ended June 30,	CalPERS Safety Risk Pool Deferred Outflows/(Inflows) of Resources
2020	$ 771,467
2021	629,536
2022	184,149
Total	$ 1,585,152

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, 2017 and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
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%)	$ 269,445,639
Current discount rate (7.15%)	185,064,897
1% increase (8.15%)	115,058,991

Discount Rate	CalPERS Safety Risk Pool Net Pension Liability
1% decrease (6.15%)	$ 5,276,836
Current discount rate (7.15%)	3,475,844
1% increase (8.15%)	2,000,254

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 $24,940,435 (9.828 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 for an additional 2018–2019 contribution on-behalf of school employers of $2.246 billion for CalSTRS and $904 million for CalPERS. A proportionate share of these contribution has been recorded in these financial statements.

Public Agency Retirement System

The District also contributes to the Public Agency Retirement System (PARS), which is a defined contribution pension plan. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. As established by Federal law, all public sector employees who are not members of their employee's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use PARS as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes one percent of an employee's gross earnings. An employee is required to contribute 6.5 percent of his or her gross earnings to the pension plan.

During the year, the District's required and actual contributions amounted to $96,971, which was one percent of its current-year covered payroll. Employee contributions amounted to $632,138.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2019.

Litigation

The District is involved in various litigations 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, 2019.

Construction Commitments

As of June 30, 2019, 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	$ 987,792	06/30/24
Athletic Complex Upgrades-Phase II- Cajon High School	790,420	06/30/24
Athletic Complex Upgrades-Phase II- Indian Springs High School	579,848	06/30/24
Athletic Complex Upgrades-Phase II- Pacific High School	858,488	06/30/24
Athletic Complex Upgrades-Phase II- San Bernardino High School	660,133	06/30/24
Barton Elementary School Modernization	2,279,947	06/30/24
Del Rosa Elementary School Modernization	6,644,608	06/30/24
District Police Headquarters	8,001,464	06/30/24
Martin Luther King Middle School Modernization	4,460,564	06/30/24
North Park Elementary School Modernization	4,898,304	06/30/24
Pacific High School CTE Transportation Building	11,203,711	06/30/24
Pacific High School Modernization	33,134,973	06/30/24
PROP 39 - Elect/HVAC Upgrades (8 Sites)	7,383,919	06/30/24
Rio Vista Elementary School Modernization	2,132,047	06/30/24
San Andreas - Growing Hope - Classroom G-2	2,040,067	06/30/24
San Bernardino High School Modernization/Theatre	10,774,940	06/30/24
Sierra High School Modernization	4,479,253	06/30/24
Single Point Entry (11 Sites)	2,508,313	06/30/24
Warm Springs Elementary School Modernization	6,155,069	06/30/24
Welcoming Resources Center	7,302,331	06/30/24
Cole Elementary School Modernization	741,889	06/30/24
Hunt Elementary School Modernization	2,024,878	06/30/24
Bonnie Oehl Elementary School Modernization	1,060,086	06/30/24
Shandin Hills Middle School Modernization	2,133,042	06/30/24
	$ 123,236,086	

NOTE 14 - 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, 2019, the District made payments of $3,147,867, $478,070, and $301,316 to SCSRM, SCSEBA, and SELF, respectively, for the coverage noted above.

REQUIRED SUPPLEMENTARY INFORMATION

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variances - Positive (Negative) Final
	Original	Final	(GAAP Basis)	to Actual
REVENUES				
Local Control Funding Formula	$ 537,819,675	$ 548,622,362	$ 540,108,866	$ (8,513,496)
Federal sources	50,442,057	64,014,817	55,986,012	(8,028,805)
Other State sources	90,579,163	120,063,015	118,525,483	(1,537,532)
Other local sources	6,209,458	13,714,579	11,850,062	(1,864,517)
Total Revenues [1]	685,050,353	746,414,773	726,470,423	(19,944,350)
EXPENDITURES				
Current				
Certificated salaries	291,572,165	302,441,147	293,390,207	9,050,940
Classified salaries	89,312,275	92,285,451	86,911,870	5,373,581
Employee benefits	176,633,544	205,350,856	196,568,091	8,782,765
Books and supplies	41,176,861	64,095,106	43,949,942	20,145,164
Services and operating expenditures	97,514,067	120,717,983	101,116,356	19,601,627
Capital outlay	22,810,089	29,131,265	20,059,071	9,072,194
Other outgo	(1,362,003)	(1,438,204)	(986,306)	(451,898)
Debt service - principal	-	-	114,191	(114,191)
Debt service - interest	-	-	4,295	(4,295)
Total Expenditures [1]	717,656,998	812,583,604	741,127,717	71,455,887
Excess (Deficiency) of Revenues Over Expenditures	(32,606,645)	(66,168,831)	(14,657,294)	51,511,537
Other Financing Uses				
Transfers out	(885,663)	(885,663)	(533,031)	352,632
NET CHANGE IN FUND BALANCE	(33,492,308)	(67,054,494)	(15,190,325)	51,864,169
Fund Balance - Beginning	106,114,398	106,114,398	106,114,398	-
Fund Balance - Ending	$ 72,622,090	$ 39,059,904	$ 90,924,073	$ 51,864,169

[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.

See accompanying note to required supplementary information.

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
Total OPEB Liability		
Service cost	$ 7,088,430	$ 6,898,715
Interest	3,229,893	2,744,804
Changes of assumptions	(1,989,663)	-
Benefit payments	(3,322,945)	(3,195,139)
Net change in total OPEB liability	5,005,715	6,448,380
Total OPEB liability - beginning	83,114,433	76,666,053
Total OPEB liability - ending (a)	$ 88,120,148	$ 83,114,433
Plan Fiduciary Net Position		
Contributions - employer	$ 3,322,945	$ 3,195,139
Net investment income	2,578	6,515
Investment gain/losses	2,830	
Other	177	
Benefit payments	(3,322,945)	(3,195,139)
Administrative expense	(126)	(54)
Net change in plan fiduciary net position	5,459	6,461
Plan fiduciary net position - beginning	67,900	61,439
Plan fiduciary net position - ending (b)	$ 73,359	$ 67,900
District's net OPEB liability - ending (a) - (b)	$ 88,046,789	$ 83,046,533
Plan fiduciary net position as a percentage of the total OPEB liability	0.08%	0.08%
Covered payroll	$ 403,835,579	$ 366,519,389
District's net OPEB liability as a percentage of covered payroll	21.80%	22.66%

See accompanying note to required supplementary information.

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY – MPP PROGRAM
FOR THE YEAR ENDED JUNE 30, 2019

Year ended June 30,	2019	2018
District's proportion of the net OPEB liability	0.9217%	0.9334%
District's proportionate share of the net OPEB liability	$ 3,528,155	$ 3,927,024
District's covered payroll	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]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.40%	0.01%

[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.

See accompanying note to required supplementary information.

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
CalSTRS		
District's proportion of the net pension liability	0.5135%	0.5156%
District's proportionate share of the net pension liability	$ 471,976,343	$ 476,814,851
State's proportionate share of the net pension liability associated with the District	270,228,530	282,079,638
Total	$ 742,204,873	$ 758,894,489
District's covered payroll	$ 261,948,385	$ 271,078,657
District's proportionate share of the net pension liability as a percentage of its covered payroll	180.18%	175.90%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%
CalPERS		
District's proportion of the net pension liability	0.6941%	0.6748%
District's proportionate share of the net pension liability	$ 185,064,897	$ 161,091,171
District's covered payroll	$ 93,009,607	$ 87,645,191
District's proportionate share of the net pension liability as a percentage of its covered payroll	198.97%	183.80%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%
CalPERS- SAFETY RISK POOL		
District's proportion of the net pension liability	0.0592%	0.0628%
District's proportionate share of the net pension liability	$ 3,475,844	$ 3,751,888
District's covered payroll	$ 2,074,975	$ 1,853,036
District's proportionate share of the net pension liability as a percentage of its covered payroll	167.51%	202.47%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%

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

See accompanying note to required supplementary information.

2017	2016	2015
0.5069%	0.5067%	0.4545%
$ 409,953,840	$ 341,161,128	$ 265,575,937
233,379,408	180,436,628	160,366,217
$ 643,333,248	$ 521,597,756	$ 425,942,154
$ 256,558,229	$ 235,204,155	$ 224,057,629
159.79%	145.05%	118.53%
70%	74%	77%
0.6771%	0.6606%	0.7166%
$ 133,720,804	$ 97,352,351	$ 81,354,671
$ 81,804,735	$ 79,747,749	$ 69,703,855
163.46%	122.08%	116.71%
74%	79%	83%
0.0657%	0.0713%	0.0473%
$ 3,402,716	$ 2,937,502	$ 2,941,679
$ 1,545,625	$ 1,192,863	$ 1,158,119
220.15%	246.26%	254.00%
74%	78%	79%

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
CalSTRS		
Contractually required contribution	$ 47,946,089	$ 37,799,152
Contributions in relation to the contractually required contribution	47,946,089	37,799,152
Contribution deficiency (excess)	$ -	$ -
District's covered payroll	$ 294,509,146	$ 261,948,385
Contributions as a percentage of covered payroll	16.28%	14.43%
CalPERS		
Contractually required contribution	$ 17,538,700	$ 14,445,322
Contributions in relation to the contractually required contribution	17,538,700	14,445,322
Contribution deficiency (excess)	$ -	$ -
District's covered - employee payroll	$ 97,102,757	$ 93,009,607
Contributions as a percentage of covered payroll	18.06%	15.53%
CalPERS - SAFETY RISK POOL		
Contractually required contribution	$ 499,559	$ 703,070
Contributions in relation to the contractually required contribution	499,559	703,070
Contribution deficiency (excess)	$ -	$ -
District's covered payroll	$ 2,053,305	$ 2,074,975
Contributions as a percentage of covered payroll	24.33%	33.88%

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

See accompanying note to required supplementary information.

2017	2016	2015
$ 34,101,695	$ 27,528,698	$ 20,886,129
34,101,695	27,528,698	20,886,129
$ -	$ -	$ -
$ 271,078,657	$ 256,558,229	$ 235,204,155
12.58%	10.73%	8.88%
$ 12,173,917	$ 9,691,407	$ 9,386,310
12,173,917	9,691,407	9,386,310
$ -	$ -	$ -
$ 87,645,191	$ 81,804,735	$ 79,747,749
13.89%	11.85%	11.77%
$ 790,628	$ 934,869	$ 729,241
790,628	934,869	729,241
$ -	$ -	$ -
$ 1,853,036	$ 1,545,625	$ 1,192,863
42.67%	60.48%	61.13%

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019

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.

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 3.5 percent in 2017 to 3.8 percent in 2018.

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 3.58 percent to 3.87 percent since the previous valuation.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019

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

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF EDUCATION			
Indian Education	84.060A	[1]	$ 64,476
Safe and Drug-Free Schools and Communities	84.184M	[1]	546,857
Passed through California Department of Education (CDE)			
Adult Basic Education and ELA	84.002A	14508	422,645
Adult Secondary Education	84.002	13978	317,900
Adult English Literacy and Civics Education	84.002A	14109	131,915
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	31,489,390
Title II, Part A - Supporting Effective Instruction	84.367	14341	3,472,464
Title III - Immigrant Student Program	84.365	15146	69,310
Title III - English Learner Student Program	84.365	14346	1,377,978
Title IV, Part A - Student Support and Academic Enrichment Grants	84.424	15396	867,241
Title IV, Part B - 21st Century Community Learning Centers	84.287	14349	2,221,900
Special Education Cluster:			
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	10,040,689
Preschool Grants, Part B, Sec 619	84.173	13430	169,162
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	564,369
Preschool Staff Development, Part B, Sec 619	84.173A	13431	1,824
Alternate Dispute Resolution, Part B, Sec 611	84.173A	13007	12,646
Subtotal Special Education Cluster			10,788,690
Early Intervention Grants	84.181	23761	59,697
Secondary Education	84.048	14894	685,356
Passed through California Department of Rehabilitation			
Workability II, Transition Partnership	84.126A	10006	392,002
Vocational Rehabilitation Services Program	84.126A	[2]	41,330
PROMISE Grant	84.U01	[2]	132,500
Total U.S. Department of Education			53,081,651

[1] Direct award funded program, no PCA number.
[2] PCA number not available

See accompanying note to supplementary information.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2019

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 California Department of Health Care Services			
Medicaid Cluster:			
Medi-Cal Billing Option	93.778	10013	$ 273,621
Medi-Cal Administrative Activities	93.778	10060	3,001,880
Subtotal Medicaid Cluster			3,275,501
Passed through CDE			
Child Care and Development Fund (CCDF) Cluster			
Child Care and Development Block Grant	93.575	15136	177,157
Child Care Mandatory and Matching Funds of Child Care and Development Fund	93.596	13609	385,381
Subtotal CCDF Cluster			562,538
Total U.S. Department of Health and Human Services			3,838,039
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE			
Child Nutrition Cluster:			
National School Lunch Program	10.555	13396	21,486,179
Basic School Breakfast Program	10.553	13390	15,690
Especially Needy Breakfast Program	10.553	13526	4,891,400
Meal Supplements	10.556	13392	547,828
Seamless Summer Food Program	10.559	13004	162,299
Commodities	10.555	13396	1,740,609
Subtotal Child Nutrition Cluster			28,844,005
Child & Adult Care Food Program	10.558	13393	1,124,630
Total U.S. Department of Agriculture			29,968,635
U.S. DEPARTMENT OF DEFENSE			
Junior Reserve Office Training Corps	12.000	[1]	121,081
Total U.S. Department of Defense			121,081
Total Expenditure of Federal Awards			$ 87,009,406

[1] Direct award funded program, no PCA number.

See accompanying note to supplementary information.

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
JUNE 30, 2019

ORGANIZATION

The San Bernardino City Unified School District was established July 1, 1964. The District operates forty-nine elementary schools, one K-8 school, ten middle schools, 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
Abigail Rosales-Medina	President	2022
Gwendolyn Dowdy-Rodgers	Vice President	2020
Dr. Barbara Flores	Member	2022
Michael J. Gallo	Member	2020
Dr. Margaret Hill	Member	2020
Danny Tillman	Member	2022
Scott Wyatt, Ed.D	Member	2020

ADMINISTRATION

Dale Marsden, Ed.D	Superintendent
Harold Vollkommer, Ed.D	Deputy Superintendent
Jayne Christakos	Associate Superintendent, Business, Facilities, and Operations
Perry Wiseman, Ed.D	Assistant Superintendent, Human Resources
Kennon Mitchell, Ph.D	Assistant Superintendent, Educational Services
Rachel Monárrez, Ph.D	Assistant Superintendent, Continuous Improvement
Lorraine Perez, Ed.D.	Assistant Superintendent, Student Services

See accompanying note to supplementary information.

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2019

	Final Report	
	Second Period Report 611E19C0	Annual Report 74A68EDB
Regular ADA		
Transitional kindergarten through third	15,396.25	15,407.80
Fourth through sixth	11,148.93	11,137.90
Seventh and eighth	7,206.38	7,184.92
Ninth through twelfth	12,245.89	12,082.04
Total Regular ADA	45,997.45	45,812.66
Extended Year Special Education		
Transitional kindergarten through third	-	11.64
Fourth through sixth	-	6.60
Seventh and eighth	-	4.09
Ninth through twelfth	-	9.72
Total Extended Year Special Education	-	32.05
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	4.20	4.43
Fourth through sixth	14.87	16.04
Seventh and eighth	12.77	13.43
Ninth through twelfth	53.50	53.09
Total Special Education, Nonpublic, Nonsectarian Schools	85.34	86.99
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	-	0.30
Fourth through sixth	0.30	0.93
Seventh and eighth	0.12	0.91
Ninth through twelfth	2.74	4.39
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	3.16	6.53
Community Day School		
Transitional kindergarten through third	4.31	4.45
Fourth through sixth	7.61	8.37
Seventh and eighth	6.48	5.97
Total Community Day School	18.40	18.79
Total ADA	46,104.35	45,957.02

See accompanying note to supplementary information.

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2019

Grade Level	1986-87 Minutes Requirement	2018-19 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	36,000	180	-	Complied
Grades 1 - 3	50,400				
Grade 1		54,675	180	-	Complied
Grade 2		54,675	180	-	Complied
Grade 3		54,675	180	-	Complied
Grades 4 - 6	54,000				
Grade 4		54,925	180	-	Complied
Grade 5		54,925	180	-	Complied
Grade 6		54,925	180	-	Complied
Grades 7 - 8	54,000				
Grade 7		61,547	180	-	Complied
Grade 8		61,547	180	-	Complied
Grades 9 - 12	64,800				
Grade 9		65,856	180	-	Complied
Grade 10		65,856	180	-	Complied
Grade 11		65,856	180	-	Complied
Grade 12		65,856	180	-	Complied

See accompanying note to supplementary information.

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2019.

See accompanying note to supplementary information.

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

	(Budget) 2020 [1]	2019	2018	2017
GENERAL FUND [3]				
Revenues	$ 688,738,990	$ 724,447,284	$ 669,637,335	$ 648,250,038
Other sources and transfers in	410	-	-	-
Total Revenues and Other Sources	688,739,400	724,447,284	669,637,335	648,250,038
Expenditures	(719,348,364)	(739,403,539)	(666,280,162)	(625,454,066)
Other uses and transfers out	(3,554)	(533,031)	(2,121,667)	(1,155,932)
Total Expenditures and Other Uses	(719,351,918)	(739,936,570)	(668,401,829)	(626,609,998)
INCREASE (DECREASE) IN FUND BALANCE	$ (30,612,518)	$ (15,489,286)	$ 1,235,506	$ 21,640,040
ENDING FUND BALANCE	$ 59,863,189	$ 90,475,707	$ 105,964,993	$ 104,729,487
AVAILABLE RESERVES [2]	$ 20,787,581	$ 21,801,656	$ 14,876,118	$ 30,492,220
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	2.9%	2.9%	2.2%	4.9%
LONG-TERM OBLIGATIONS	N/A	$ 531,659,303	$ 462,878,191	$ 411,658,775
K-12 AVERAGE DAILY ATTENDANCE AT P-2	46,052	46,104	46,706	46,889

The General Fund balance has decreased by $14,253,780 over the past two years. The fiscal year 2019-2020 budget projects a further decrease of $30,612,518 (33.8 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 operating surpluses in two of the past three years but anticipates incurring an operating deficit during the 2019-2020 fiscal year. Total long-term obligations have increased by $120,000,528 over the past two years.

Average daily attendance has decreased by 785 over the past two years. An additional decline of 52 ADA is anticipated during fiscal year 2019-2020.

[1] Budget 2020 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.

See accompanying note to supplementary information.

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2019

Name of Charter School	Included in Audit Report
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
Excel Prep Charter (Charter No. 1153)	No
Taft T. Newman Leadership Academy (Charter No. 1437)	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

See accompanying note to supplementary information.

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019

	Adult Education Fund	Child Development Fund	Capital Facilities Fund
ASSETS			
Deposits and investments	$ 644,760	$ 1,811,541	$ 4,381,476
Receivables	1,791,302	49,553	567,491
Due from other funds	107,392	533,031	-
Total Assets	$ 2,543,454	$ 2,394,125	$ 4,948,967
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	$ 455,281	$ 578,764	$ 867,595
Due to other funds	396,014	641,088	5
Unearned revenue	204,170	234,242	-
Total Liabilities	1,055,465	1,454,094	867,600
Fund Balances:			
Restricted	1,318,132	940,031	4,081,367
Assigned	169,857	-	-
Total Fund Balances	1,487,989	940,031	4,081,367
Total Liabilities and Fund Balances	$ 2,543,454	$ 2,394,125	$ 4,948,967

See accompanying note to supplementary information.

County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
$ 26,246,578	$ 10,780,702	$ 22,110,027	$ 65,975,084
149,497	84,589	-	2,642,432
-	-	-	640,423
$ 26,396,075	$ 10,865,291	$ 22,110,027	$ 69,257,939
$ -	$ 529,488	$ -	$ 2,431,128
-	-	-	1,037,107
-	-	-	438,412
-	529,488	-	3,906,647
26,396,075	-	22,110,027	54,845,632
-	10,335,803	-	10,505,660
26,396,075	10,335,803	22,110,027	65,351,292
$ 26,396,075	$ 10,865,291	$ 22,110,027	$ 69,257,939

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	Adult Education Fund	Child Development Fund	Capital Facilities Fund
REVENUES			
Federal sources	$ 872,460	$ 562,538	$ -
Other State sources	7,984,719	12,236,849	-
Other local sources	378,282	315,129	2,664,373
Total Revenues	9,235,461	13,114,516	2,664,373
EXPENDITURES			
Current			
Instruction	4,674,072	7,115	-
Instruction-related activities:			
Supervision of instruction	84,596	491,474	-
School site administration	2,557,417	284,045	-
Pupil services:			
All other pupil services	332,397	88,729	-
Administration:			
All other administration	271,161	460,649	-
Plant services	665,427	300,173	-
Community services	-	11,450,637	-
Facility acquisition and construction	-	41,909	2,112,485
Debt service			
Principal	-	-	-
Interest and other	-	-	-
Total Expenditures	8,585,070	13,124,731	2,112,485
Excess (Deficiency) of Revenues Over Expenditures	650,391	(10,215)	551,888
Other Financing Sources (Uses)			
Transfers in	-	533,031	-
Transfers out	-	-	-
Net Financing Sources (Uses)	-	533,031	-
NET CHANGE IN FUND BALANCES	650,391	522,816	551,888
Fund Balances - Beginning	837,598	417,215	3,529,479
Fund Balances - Ending	$ 1,487,989	$ 940,031	$ 4,081,367

See accompanying note to supplementary information.

County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
$ -	$ -	$ -	$ 1,434,998
-	-	175,069	20,396,637
523,372	227,206	19,862,333	23,970,695
523,372	227,206	20,037,402	45,802,330
-	-	-	4,681,187
-	-	-	576,070
-	-	-	2,841,462
-	-	-	421,126
-	-	-	731,810
-	-	-	965,600
-	-	-	11,450,637
-	1,498,336	-	3,652,730
-	-	8,330,000	8,330,000
-	-	9,558,434	9,558,434
-	1,498,336	17,888,434	43,209,056
523,372	(1,271,130)	2,148,968	2,593,274
-	1,714,115	-	2,247,146
(1,714,115)	-	-	(1,714,115)
(1,714,115)	1,714,115	-	533,031
(1,190,743)	442,985	2,148,968	3,126,305
27,586,818	9,892,818	19,961,059	62,224,987
$ 26,396,075	$ 10,335,803	$ 22,110,027	$ 65,351,292

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2019

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

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 primarily of Medi-Cal Billing Option funds that have been recorded in the current period as revenues that have not been expended as of June 30, 2019. These unspent balances are reported as legally restricted ending balances within the General Fund. In addition, the District received Qualified School Construction Bonds - Interest Subsidy funds which are not required to be reported on the Schedule of Expenditures 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:		$ 89,749,488
Medi-Cal Billing Option	93.778	(380,239)
Qualified School Construction Bonds - Interest Subsidy	[1]	(2,359,843)
Total Schedule of Expenditures of Federal Awards		$ 87,009,406

[1] CFDA number not available

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.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

Schedule of Charter Schools

This schedule lists all Charter Schools chartered by the District and displays information for each Charter School 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

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*

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

We have audited, in accordance with the 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 (the District) as of and for the year ended June 30, 2019, 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 December 16, 2019.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 District'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.

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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 determination of financial statement amounts. 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 December 16, 2019.

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
December 16, 2019

EideBailly

CPAs & BUSINESS ADVISORS

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

Governing Board
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 (the District) 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, 2019. 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 the 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 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, 2019.

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 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
December 16, 2019

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

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

Report on State Compliance

We have audited San Bernardino City Unified School District's (the District) compliance with the types of compliance requirements as identified in the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the San Bernardino City Unified School District's State government programs as noted below for the year ended June 30, 2019.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws, regulations, and the terms and conditions of its State awards applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the San Bernardino City Unified School District's State programs based on our audit of the types of compliance requirements referred to above. 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 *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. 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 opinions. Our audit does not provide a legal determination of San Bernardino City Unified School District's compliance with those requirements.

Unmodified Opinion

In our opinion, San Bernardino City Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2019.

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In connection with the audit referred to above, we selected and tested transactions and records to determine the San Bernardino City Unified School District's compliance with the State 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 testing for Independent Study because the ADA reported for the program was below the materiality threshold required for 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 any procedures related to Juvenile Court Schools.

The District does not offer a District of Choice Program; therefore, we did not perform any procedures for the District of Choice Program.

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

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

Eide Bailly LLP

Rancho Cucamonga, California
December 16, 2019

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2019

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified?	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weakness identified?	No
Significant deficiency identified?	None reported
Type of auditor's report issued on compliance for major Federal 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 Federal programs:

CFDA Numbers	Name of Federal Programs or Clusters
84.027, 84.027A, 84.173, and 84.173A	Special Education Cluster
10.553, 10.555, 10.556, and 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 2,610,282
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

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

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

None reported.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

None reported.

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

None reported.

SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

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, 2019, 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 December 16, 2019, on the government-wide financial statements of the District.

ASSOCIATED STUDENT BODY (ASB)

North Park Elementary School

Observations

1. During our review of the cash receipting procedures, it was noted that two of 27 receipts tested were not deposited in a timely manner. The delay in deposits was approximately 12 days from the date of receipt. This could result in large cash balances being maintained at the sites which can hinder the safeguarding of ASB assets.
2. ASB disbursements were being made without explicit receiving documentation for goods being ordered. Five out of five disbursements tested were paid without the direct knowledge of whether the goods being ordered have been received by the ASB.
3. During our review of the cash collection process, we noted that cash count sheets did not contain explicit documentation that a count was performed by two individuals, although two individuals were present during the reconciliation process.
4. For the two fundraising events tested, one event contained a revenue potential form that was not complete.

Recommendations

1. The ASB should adhere to the District's depositing policy which dictates that the ASB should, at a minimum make their deposits once a week or when funds on hand exceed $100.00 to minimize the amount of cash held at the site level. During weeks of high cash activity, there may be a need to make more than one deposit. It is also recommended that the bookkeeper remind the club advisors of the importance of submitting money upon receiving the same day.
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. The cash count sheet provides for a reconciliation process of the monies collected. A difference between the secretary's count and another staff's count would warrant a recount with both parties present. A signature will help to decrease the number of disputes arising from deposits processed incorrectly or the amount that was actually deposited.
4. 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 assigned ASB site personnel at the conclusion of the fundraiser.

Kimbark Elementary School

Observations

1. During our review of the cash collection process, we noted that cash count sheets did not contain explicit documentation that a count was performed by two individuals, although two individuals were present during the reconciliation process.
2. For the two fundraising events tested, neither event contained a revenue potential form that was complete.
3. During our review of the one ticketed event held, we noted that the ticket sales report was not accurate. The number of tickets sold for two of the ticket rolls used was not mathematically accurate. When the beginning ticket number was subtracted from the ending ticket number, the total number of tickets sold was miscalculated by 1.

Recommendations

1. The cash count sheet provides for a reconciliation process of the monies collected. A difference between the two staffs' count would warrant a recount with both parties present. A signature will help to decrease the number of disputes arising from deposits processed incorrectly or the amount that was actually deposited.
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 assigned ASB site personnel at the conclusion of the fundraiser.
3. The number of tickets sold, and cash collected should be reconciled at the conclusion of ticketed events. A review of the completed form should be performed by second person who is independent of the ticket sales form preparer. This will assist in identifying inaccuracies in completing the form and reconciling any differences noted.

Mt. Vernon Elementary School

Observation

For the three fundraising events tested, all three of the 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.

Monterey Elementary School

Observations

1. The principal is performing all accounting functions related to ASB activities including recordkeeping, reconciling, depositing, authorizing, and check signing.
2. Based on our review of the cash receipting procedures, it was noted that all three of the deposits tested were not deposited in a timely manner. The delay in deposits ranged from 57 to 59 days from the date of receipt. This could result in large cash balances being maintained at the sites which can hinder the safeguarding of ASB assets.
3. During our review of the cash collection process, we noted that cash count sheets did not contain explicit documentation that a count was performed by two individuals.
4. For the fundraising event tested, the event contained a revenue potential form that was not complete.

Recommendations

1. The site should consider assigning the recordkeeping functions to someone other than the principal to allow for improved segregation of duties.
2. The ASB should adhere to the District's depositing policy which dictates that the ASB should, at a minimum make their deposits once a week or when funds on hand exceed $100.00 to minimize the amount of cash held at the site level. During weeks of high cash activity, there may be a need to make more than one deposit. It is also recommended that the bookkeeper remind the club advisors of the importance of submitting money upon receiving the same day.
3. The cash count sheet provides for a reconciliation process of the monies collected. A difference between the two staff's count would warrant a recount with both parties present. A signature will help to decrease the number of disputes arising from deposits processed incorrectly or the amount that was actually deposited.

4. 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 assigned ASB site personnel at the conclusion of the fundraiser.

Juanita Blakely Jones Elementary School

Observation

One of the two fundraising events tested contained a revenue potential form that was not complete. Additionally, the actual revenue amount documented on the revenue potential form did not agree to the general ledger.

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.

King Middle School

Observations

1. During our review of the cash collection process, we noted that cash count sheets did not contain explicit documentation that two individuals performed the count.
2. One of three disbursements tested did not have an invoice or any other supporting document available for review.
3. All three revenue potential forms tested were incomplete and the actual revenues and expenses could not be verified due to the lack of information on the forms.

Recommendations

1. The cash count sheet provides for a reconciliation process of the monies collected. A difference between the bookkeeper's count and the teacher or advisor's count would warrant a recount with both parties present. A signature will help to decrease the number of disputes arising from deposits processed incorrectly or the amount that was actually deposited.
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.

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.

Shandin Hills Middle School

Observations

1. Cash deposits forwarded from teachers or advisors to the associated student body bookkeeper are not always accompanied by a cash count sheet documenting the deposit total as counted by the teacher or advisor.
2. One of four 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.
3. Three of three revenue potentials tested were incomplete and did not document actual results on the revenue potential form.
4. During our review of ticket sales procedures, we noted that the ticket sales report form was incomplete. The number of tickets sold was not documented on the form and no reconciliation was performed between tickets sold and revenues collected. Both ticketed events tested did not have adequate supporting documentation to substantiate the actual revenue collected.

Recommendations

1. The cash count sheet serves the same purpose as a bank deposit slip, it provides for a reconciliation process since the deposit is usually not verified with both parties present. A difference between the bookkeepers count and the teacher's or advisor's count would warrant a recount with both parties present. This procedure decreases the number of disputes arising from deposits processed incorrectly.
2. 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.
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.
4. The site should review the current ticket sales forms and determine whether they are adequate in documenting the sales reconciliation. The form should document the first ticket number and last ticket number sold, multiply the number of tickets sold to the ticket price, and compare the amount to the actual cash collected.

Arrowview Middle School

Observations

1. Per review of the bank reconciliation, it was noted that bank reconciliations are not prepared in a timely manner. The November 2018 bank reconciliation was not prepared and reviewed until March 2019.
2. Based on the review of the cash receipting procedures, it was noted that five of 28 deposits tested were not deposited in a timely manner. The delay in the deposits ranged from 12 to 49 days from the date of receipt. This could result in large cash balances being maintained at the sites which can hinder the safeguarding of ASB assets.
3. All three of the revenue potential forms tested were incomplete and did not document actual amounts in order to perform an analysis of the results of the fundraiser.
4. Ticket sales forms were not used for both ticketed events tested.

Recommendations

1. Bank reconciliations should be prepared in a timely manner at the end of each month to ensure all the activities on the bank statement are accounted for and reconciled. An independent reviewer should ensure that the bank reconciliation was prepared accurately and timely.
2. The ASB should adhere to the District's depositing policy which dictates that the ASB should, at a minimum make their deposits once a week or when funds on hand exceed $200.00 to minimize the amount of cash held at the site level. During weeks of high cash activity, there may be a need to make more than one deposit. It is also recommended that the bookkeeper remind the club advisors of the importance of submitting money upon receiving the same day.
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.
4. A ticket sales form should be prepared for every event where tickets are used, as the main medium of verifying the cash collections. The form should clearly identify the different tickets used and the value of each ticket type. The cash collected should be reconciled to the tickets sold and any significant variances explained.

Cesar Chavez Middle School

Observations

1. Per review of bank reconciliation, it was noted that bank reconciliations are not prepared in a timely manner. The November 2018 bank reconciliation was not prepared and reviewed until January 2019.
2. The ASB Accounting Technician was the second signor on checks for all six disbursements tested.
3. Two of three revenue potential forms tested were not complete. The forms did not provide an explanation for the difference between the estimated and actual results.

Recommendations

1. Bank reconciliations should be prepared in a timely manner at the end of each month to ensure all the activities on the bank statement are accounted for and reconciled. An independent reviewer should ensure that the bank reconciliation was prepared timely and accurately.
2. To ensure proper internal controls and maintain segregation of duties, the ASB Accounting Technician should not be a signor on the ASB bank account. The ASB should designate an individual who is not involved with maintaining ASB records as the second signor.
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.

Del Vallejo Middle School

Observations

1. Per review of bank reconciliation, it was noted that bank reconciliations are not prepared in a timely manner. The November 2018 bank reconciliation was not prepared and reviewed until February 2019.
2. One of the three 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.
3. One of three disbursements tested did not have an invoice or any other supporting document available for review.
4. The ASB did not have supporting documents for all three deposits tested. The auditor could not substantiate the amounts deposited due to the lack of documentation.
5. Two of the fundraisers tested did not have actual amounts documented on the revenue potential forms. One of the two fundraiser activity request forms was missing the student representative's signature of approval.
6. We noted the ASB did not accrue the liability related yearbook order for 2018-2019 for which the payment was made in the subsequent year.

Recommendations

1. Bank reconciliations should be prepared in a timely manner at the end of each month to ensure all the activities on the bank statement are accounted for and reconciled. An independent reviewer should ensure that the bank reconciliation was prepared accurately.
2. 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.

3. 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 the payment is made for actual goods and services received and the amount paid agrees to the invoice.
4. The ASB should ensure supporting documents are retained for all deposits made to ensure an audit trail exists and amounts deposited are supported by receipts, logs, or cash count sheets.
5. All fundraisers should be approved by the required parties before they are held to ensure they are appropriate and authorized. 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.
6. The ASB should review its procedures related to year-end orders of goods or services and ensure any items for which payment is not made by the end of the year should be accrued as a liability to record expense in the period incurred.

Richardson PREP HI Middle School

<u>Observation</u>

One of 17 disbursements tested exceeded the approval amount. The transaction was a reimbursement approved for $800 but the check was issued for $975.32.

<u>Recommendation</u>

To ensure proper internal controls over disbursements, all expenditures should be pre-approved and if the actual expense is more than the approved amount; it should go through appropriate approval process before the payment is made to ensure funding is available and the transaction is appropriate.

Curtis Middle School

<u>Observations</u>

1. Based on the review of the cash receipting procedures, it was noted that two of 14 deposits tested were not deposited in a timely manner. The delay in the deposits ranged from 14 to 20 days from the date of receipt. This could result in large cash balances being maintained at the sites which can hinder the safeguarding of ASB assets. In addition, we noted that the deposit activity is not posted timely to the Blue Bear General Ledger system.
2. Based on cash receipt testing, we noted closeout report numbers are not in a sequential order and there was no explanation for missing closeout report numbers. One of the deposits tested was short by $23 and no explanation was documented for the variance.

3. One of three fundraisers tested did not have its revenue potential form filled out accurately. The actual revenue amount documented on the form did not agree to the report from Blue Bear.
4. Per review of bank reconciliation, it was noted that bank reconciliations are not prepared in a timely manner. The October 2018 bank reconciliation was not prepared and reviewed until February 2019.

Recommendations

1. The ASB should adhere to the District's depositing policy which dictates that the ASB should, at a minimum make their deposits once a week or when funds on hand exceed $200.00 to minimize the amount of cash held at the site level. During weeks of high cash activity, there may be a need to make more than one deposit. It is also recommended that the bookkeeper remind the club advisors of the importance of submitting money upon receiving the same day. In addition, in order to ensure accuracy of all ASB accounts, activity should be posted to the Blue Bear General Ledger system at the time of deposit. This will allow for all clubs and accounts to be properly monitored for availability of funds.
2. The ASB should ensure closeout reports are in a sequential order and if there is a gap in the order, it should be documented for an audit trail. Additionally, shortage in deposits should be investigated and the reason determined for the shortage should be documented.
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.
4. Bank reconciliations should be prepared in a timely manner at the end of each month to ensure all the activities on the bank statement are accounted for and reconciled. An independent reviewer should ensure that the bank reconciliation was prepared accurately.

Arroyo Valley High School

Observation

One of eleven fundraisers tested did not document the reason for the difference between expected and actual results on the revenue potential form. In this instance, the fundraiser was for candy bar sales. If there is left over product, this should be considered when completing the revenue potential actual results to provide an explanation of the variance between expected and actual results.

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.

San Bernardino High School

Observations

1. We noted five of 19 disbursements did not have a purchase request form present; eight of 19 disbursement approvals were not identified in the student council minutes; and two of 19 disbursements did not have the required three signatures of approval.
2. Six of seven revenue potential forms tested were incomplete. The forms did not indicate actual revenues collected and the difference between expected and actual amounts were not explained.

Recommendations

1. In order to ensure proper internal control over ASB disbursements, all expenditures should be pre-approved, have appropriate documents present, and are approved by the appropriate and authorized personnel including ASB Council before payments are made to ensure the expense is appropriate for ASB and funding 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 Gorgonio High School

Observation

None of the four revenue potential forms tested had an explanation for variances between expected and actual amounts.

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.

Pacific High School

Observation

Two of five fundraisers tested had their revenue potential forms filled out inaccurately. The actual revenue and expense amounts did not agree to the BlueBear report.

Recommendation

The accuracy of the information used to complete the revenue potential form is important in analyzing the success or failure of a 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 accurately and turned into the bookkeeper at the conclusion of the fundraiser.

Indian Springs High School

Observations

1. Based on the review of the cash receipts it was noted that four of eight deposits tested contained receipts that were not deposited in a timely manner. The delay in deposits ranged from 11 to 18 days from the date of receipt. This could result in large cash balances being maintained at the sites which can hinder the safeguarding of ASB assets.
2. One of eight deposits tested did not agree to the supporting documentation, including the receipt totals and close out reports, but no explanation is documented for the variance.
3. Four of five revenue potential forms tested did not have an explanation for variances between expected and actual amounts. Additionally, one of the five revenue potential form's actual revenue amount could not be traced to the general ledger.

Recommendations

1. The ASB should adhere to the District's depositing policy which dictates that the ASB should, at a minimum make their deposits once a week or when funds on hand exceed $300.00 to minimize the amount of cash held at the site level. During weeks of high cash activity, there may be a need to make more than one deposit. It is also recommended that the bookkeeper remind the club advisors of the importance of submitting money upon receiving the same day.
2. Variances or discrepancies in deposits should be investigated and the reason determined for the variance should be documented on the supporting documents to maintain the audit trail for deposits.
3. All revenue potentials must be completely and accurately 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 accurately 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
December 16, 2019