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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's net OPEB liability and related ratios, schedule of the District's proportionate share of the net OPEB liability – MPP program, schedule of the District's proportionate share of the net pension liability – CalSTRS, schedule of the District's proportionate share of the net pension liability – CalPERS, schedule of the District's proportionate share of the net pension liability – CalPERS Safety Risk Pool, schedule of the District's contributions – CalSTRS, schedule of the District's contributions – CalPERS, and schedule of the District's contributions – CalPERS Safety Risk Pool be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The 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 GAAS. In our opinion, the Schedule of Expenditures of Federal Awards, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Student Activity Fund - District Wide - Combining Balance Sheets, Student Activity Fund - District Wide - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances, Student Activity Fund - High School - Combining Balance Sheets, Student Activity Fund - High School - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances, Student Activity Fund - Middle School - Combining Balance Sheet, Student Activity Fund - Middle School - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances, Student Activity Fund - Unorganized - Combining Balance Sheets, Student Activity Fund - Unorganized - Combining Statement of

Revenues, Expenditures, and Changes in Fund Balances but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the District's internal control over financial reporting and compliance.

Rancho Cucamonga, California
December 15, 2023



SAN BERNARDINO CITY
UNIFIED SCHOOL DISTRICT
Making Hope Happen

Mauricio Arellano
Superintendent

Terry Comnick
Associate Superintendent, Business, Facilities, and Operations

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, 2023, with comparative information for the year ending June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

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

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

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

The Primary unit of the government is the San Bernardino City Unified School District.

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

Government-Wide Financial Statements

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

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

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

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

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

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

The District has two kinds of funds:

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

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

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

THE DISTRICT AS A WHOLE

Net Position

The District's combined net position was more than the year before - increasing 55.9% or \$195,743,815. Most of this increase in the District's financial position came from its governmental activities, the net position of which increased by \$190,737,110 to \$535,521,562. The net position of the District's business-type activities increased by \$5,006,705 to \$10,146,711.

Table A-1

	Governmental Activities		Business-Type Activities		School District Activities	
	2023	2022 as restated	2023	2022	2023	2022 as restated
Assets						
Current and other assets	\$ 772,892,508	\$ 630,125,602	\$ 25,196,818	\$ 17,363,239	\$ 798,089,326	\$ 647,488,841
Capital assets, right-to-use subscription information technology assets	1,020,626,422	976,610,604	1,174,305	1,709,026	1,021,800,727	978,319,630
Total assets	1,793,518,930	1,606,736,206	26,371,123	19,072,265	1,819,890,053	1,625,808,471
Deferred outflows of resources	214,112,759	181,359,440	7,005,245	3,151,225	221,118,004	184,510,665
Liabilities						
Current liabilities	219,875,827	180,022,454	668,730	391,795	220,544,557	180,414,249
Long-term liabilities other than OPEB and pensions	433,935,148	451,834,428	-	-	433,935,148	451,834,428
Net OPEB liability	128,216,976	137,685,723	2,876,019	2,802,922	131,092,995	140,488,645
Aggregate net pension liability	605,281,969	385,587,463	18,193,677	9,917,890	623,475,646	395,505,353
Total liabilities	1,387,309,920	1,155,130,068	21,738,426	13,112,607	1,409,048,346	1,168,242,675
Deferred inflows of resources	84,800,207	288,181,126	1,491,231	3,970,877	86,291,438	292,152,003
Net Position						
Net investment in capital assets	700,420,362	682,355,623	1,174,305	1,709,026	701,594,667	684,064,649
Restricted	337,419,459	231,372,068	8,972,406	3,430,980	346,391,865	234,803,048
Unrestricted (deficit)	(502,318,259)	(568,943,239)	-	-	(502,318,259)	(568,943,239)
Total net position	\$ 535,521,562	\$ 344,784,452	\$ 10,146,711	\$ 5,140,006	\$ 545,668,273	\$ 349,924,458

Changes in Net Position

The District's total revenues increased by \$234,788,550 (see Table A-2). State and Federal aid for specific programs contributed about 39 cents of every dollar raised. Another 59 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	
	2023	2022 *	2023	2022	2023	2022 *
Revenues						
Program revenues						
Charges for services and sales	\$ 8,895,772	\$ 8,612,717	\$ 731,659	\$ 425,464	\$ 9,627,431	\$ 9,038,181
Operating grants and contributions	435,339,878	257,888,793	38,533,747	36,857,768	473,873,625	294,746,561
Capital grants and contributions	3,787,993	10,219,160	-	-	3,787,993	10,219,160
General revenues						
Federal and State unrestricted	627,436,193	552,354,455	-	-	627,436,193	552,354,455
Property taxes	97,357,451	91,264,922	-	-	97,357,451	91,264,922
Other general revenues	10,816,515	30,604,129	241,837	125,087	11,058,352	30,729,216
Total revenues	1,183,633,802	950,944,176	39,507,243	37,408,319	1,223,141,045	988,352,495
Expenses						
Instruction-related	688,697,263	598,331,764	-	-	688,697,263	598,331,764
Pupil services	102,658,576	79,731,236	-	-	102,658,576	79,731,236
Administration	47,716,219	46,739,998	-	-	47,716,219	46,739,998
Plant services	114,212,505	81,188,145	-	-	114,212,505	81,188,145
Other services	39,612,129	30,848,433	34,500,538	30,663,512	74,112,667	61,511,945
Total expenses	992,896,692	836,839,576	34,500,538	30,663,512	1,027,397,230	867,503,088
Change in net position	\$ 190,737,110	\$ 114,104,600	\$ 5,006,705	\$ 6,744,807	\$ 195,743,815	\$ 120,849,407

* The revenues and expenses for fiscal year 2022 were not restated to show the effects of GASB Statement No. 96 for comparative purposes.

The total cost of all programs and services increased by \$159,894,142. The District's expenses are predominantly related to educating and caring for students (77.0%). The purely administrative activities of the District accounted for just 4.6% of total costs.

Total revenues were greater than expenses, increasing net position by \$195,743,815 this fiscal year. The business-type activities contributed to the District's increase in net position by \$5,006,705.

Governmental Activities

Revenues for the District's governmental activities were \$1,183,633,802, whereas total expenses were \$992,896,692. The increase in net position for governmental activities occurred due to an overall increase in revenues.

- Some of the District's activities (\$8,895,772) 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 (\$439,127,871). See Table A-2.

Business-Type Activities

Revenues of the District's business-type activities were \$39,507,243, and expenses were \$34,500,538. (Refer to Table A-2).

Net Cost of Services

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

- Most of the District's governmental activity net costs (\$544,873,049) million were financed by District taxpayers and the taxpayers of our State.
- This portion of governmental activities was financed with \$97,357,451 in property taxes, and \$627,436,193 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	
	2023	2022 *	2023	2022 *
Instruction-related	\$ 688,697,263	\$ 598,331,764	\$ (366,007,173)	\$ (379,375,330)
Pupil services	102,658,576	79,731,236	(73,691,557)	(58,959,869)
Administration	47,716,219	46,739,998	(32,177,292)	(26,063,208)
Plant services	114,212,505	81,188,145	(55,961,530)	(78,686,545)
Other services	39,612,129	30,848,433	(17,035,497)	(17,033,954)
Total	\$ 992,896,692	\$ 836,839,576	\$ (544,873,049)	\$ (560,118,906)

* The total and net cost of services for fiscal year 2022 were not restated to show the effects of GASB Statement No. 96 for comparative purposes.

THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported *combined* fund balances of \$452,395,520, an increase of 26.0% from the previous year.

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

The District's General Fund increased in fund balance by \$119,657,350. The District continues to meet the State required two percent fund balance reserve for Economic Uncertainties.

Table A-4

	Balances and Activity			
	July 1, 2022	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2023
General Fund	\$ 194,198,217	\$ 1,136,496,978	\$ 1,016,839,628	\$ 313,855,567
Building Fund	52,219,331	2,593,963	25,135,355	29,677,939
Student Activity Fund	2,137,468	3,284,584	3,233,144	2,188,908
Adult Education Fund	2,575,836	7,871,196	8,294,672	2,152,360
Child Development Fund	3,076,890	17,787,745	17,714,902	3,149,733
Capital Facilities Fund	9,693,264	2,368,796	2,681,327	9,380,733
County School Facilities Fund	34,792,415	3,831,960	11,374,494	27,249,881
Special Reserve Fund for Capital Outlay Projects	1,952,935	30,076,311	979,729	31,049,517
Capital Projects Fund for Blended Component Units	30,375,883	969	24,559,807	5,817,045
Bond Interest and Redemption Fund	27,883,191	22,910,225	22,919,579	27,873,837
Total	<u>\$ 358,905,430</u>	<u>\$ 1,227,222,727</u>	<u>\$ 1,133,732,637</u>	<u>\$ 452,395,520</u>

General Fund Budgetary Highlights

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

The District's final budget for the General Fund anticipated that expenditures would exceed revenues by \$121,446,134 and the actual results for the year show revenues exceeding expenditures by \$119,657,350.

Actual revenues were \$20,596,513 higher than expected, due primarily to higher LCFF sources.

The actual expenditures were \$237,332,544 under budget, due primarily to less spending on books and supplies and other operating expenditures.

CAPITAL ASSETS, RIGHT-TO-USE SUBSCRIPTION INFORMATION TECHNOLOGY ASSETS, AND LONG-TERM LIABILITIES

Capital Assets and Right-to-Use Subscription Information Technology Assets

By the end of 2023, the District had \$1,021,800,727 in a broad range of capital assets and right-to-use subscription information technology assets (net of depreciation and amortization). Total depreciation and amortization expense for the year was \$37,355,637. (More detailed information about capital assets, and right-to-use subscription information technology assets can be found in Note 5 to the financial statements.)

Table A-5

	Governmental Activities		Business-Type Activities		Total	
	2023	2022 as restated	2023	2022	2023	2022 as restated
Land and construction in process	\$ 134,222,748	\$ 107,401,735	\$ -	\$ -	\$ 134,222,748	\$ 107,401,735
Buildings and improvements	869,629,615	856,480,637	361,775	716,450	869,991,390	857,197,087
Equipment	13,474,975	12,324,261	812,530	992,576	14,287,505	13,316,837
Right-to-use subscription information technology assets	3,299,084	403,971	-	-	3,299,084	403,971
Total	\$ 1,020,626,422	\$ 976,610,604	\$ 1,174,305	\$ 1,709,026	\$ 1,021,800,727	\$ 978,319,630

Long-Term Liabilities

At the end of this year, the District had \$1,188,503,789 in long-term liabilities outstanding versus \$987,828,426 last year, an increase of 20.3%. Those long-term liabilities consisted of:

Table A-6

	Governmental Activities		Business-Type Activities		Total	
	2023	2022 as restated	2023	2022	2023	2022 as restated
General obligation bonds - net (financed with property taxes)	\$ 318,734,150	\$ 329,565,186	\$ -	\$ -	\$ 318,734,150	\$ 329,565,186
Certificates of Participation - net of premium	86,877,603	94,593,110	-	-	86,877,603	94,593,110
Discount on issuance	(106,516)	(146,460)	-	-	(106,516)	(146,460)
Subscription-based information technology arrangements	1,204,220	403,971	-	-	1,204,220	403,971
Compensated absences	4,179,253	3,987,633	-	-	4,179,253	3,987,633
Claims liability	23,046,438	23,129,602	-	-	23,046,438	23,129,602
SELF assessment	-	301,386	-	-	-	301,386
Net other postemployment benefits (OPEB) liability	128,216,976	137,685,723	2,876,019	2,802,922	131,092,995	140,488,645
Aggregate net pension liability	605,281,969	385,587,463	18,193,677	9,917,890	623,475,646	395,505,353
Total	\$ 1,167,434,093	\$ 975,107,614	\$ 21,069,696	\$ 12,720,812	\$ 1,188,503,789	\$ 987,828,426

The District's general obligation bond rating continues to be "A+ Stable." The State limits the amount of general obligation debt that districts can issue to five percent of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt is significantly below this statutorily-imposed limit.

At year-end, the District has a net OPEB liability of 131,092,995 versus \$140,488,645 last year, a decrease of \$9,395,650, or 6.7 %.

At year-end, the District has a net pension liability of \$623,475,646 versus \$395,505,353 last year, an increase of \$227,970,293, or 57.6%.

We present more detailed information regarding our long-term liabilities, including net OPEB liability and net pension liability, in Notes 10, 11, and 14 to the financial statements.

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 (11.1% decrease in 2021-2023) will increase during fiscal year 2023-2024.
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, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Deposits and investments	\$ 728,923,574	\$ 15,337,182	\$ 744,260,756
Receivables	42,427,711	9,385,372	51,813,083
Internal balances	950,485	(950,485)	-
Prepaid expense	142,840	-	142,840
Stores inventories	139,934	1,424,749	1,564,683
Lease receivables	307,964	-	307,964
Capital assets not depreciated	134,222,748	-	134,222,748
Capital assets, net of accumulated depreciation	883,104,590	1,174,305	884,278,895
Right-to-use subscription information technology assets, net of accumulated amortization	3,299,084	-	3,299,084
Total assets	<u>1,793,518,930</u>	<u>26,371,123</u>	<u>1,819,890,053</u>
Deferred Outflows of Resources			
Deferred charge on refunding	5,900,810	-	5,900,810
Deferred outflows of resources related to OPEB	33,951,922	778,228	34,730,150
Deferred outflows of resources related to pensions	174,260,027	6,227,017	180,487,044
Total deferred outflows of resources	<u>214,112,759</u>	<u>7,005,245</u>	<u>221,118,004</u>
Liabilities			
Accounts payable	178,098,578	556,727	178,655,305
Accrued interest payable	4,521,345	-	4,521,345
Unearned revenue	37,255,904	112,003	37,367,907
Long-term liabilities			
Long-term liabilities other than OPEB and pensions due within one year	28,161,752	-	28,161,752
Long-term liabilities other than OPEB and pensions due in more than one year	405,773,396	-	405,773,396
Net other postemployment benefits (OPEB) liability	128,216,976	2,876,019	131,092,995
Aggregate net pension liability	605,281,969	18,193,677	623,475,646
Total liabilities	<u>1,387,309,920</u>	<u>21,738,426</u>	<u>1,409,048,346</u>
Deferred Inflows of Resources			
Deferred inflows of resources related to OPEB	16,027,625	367,377	16,395,002
Deferred inflows of resources related to pensions	68,464,618	1,123,854	69,588,472
Deferred inflows of resources related to leases	307,964	-	307,964
Total deferred inflows of resources	<u>84,800,207</u>	<u>1,491,231</u>	<u>86,291,438</u>
Net Position			
Net investment in capital assets	700,420,362	1,174,305	701,594,667
Restricted for			
Debt service	23,352,492	-	23,352,492
Capital projects	36,630,614	-	36,630,614
Educational programs	188,326,311	-	188,326,311
Self-insurance	81,788,104	-	81,788,104
Other activities	7,321,938	8,972,406	16,294,344
Unrestricted (deficit)	(502,318,259)	-	(502,318,259)
Total net position	<u>\$ 535,521,562</u>	<u>\$ 10,146,711</u>	<u>\$ 545,668,273</u>

San Bernardino City Unified School District
Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction	\$ 566,792,688	\$ 2,907,973	\$ 284,045,710	\$ 3,787,993	\$ (276,051,012)	\$ -	\$ (276,051,012)
Instruction-related activities							
Supervision of instruction	46,142,177	16,224	19,971,056	-	(26,154,897)	-	(26,154,897)
Instructional library, media, and technology	4,138,305	86	810,478	-	(3,327,741)	-	(3,327,741)
School site administration	71,624,093	2,514,328	8,636,242	-	(60,473,523)	-	(60,473,523)
Pupil services							
Home-to-school transportation	23,205,787	980	38,490	-	(23,166,317)	-	(23,166,317)
Food services	1,211,998	2,164	1,781,137	-	571,303	-	571,303
All other pupil services	78,240,791	328,523	26,815,725	-	(51,096,543)	-	(51,096,543)
Administration							
Data processing	10,097,149	(14,448)	233,609	-	(9,877,988)	-	(9,877,988)
All other administration	37,619,070	268,851	15,050,915	-	(22,299,304)	-	(22,299,304)
Plant services	114,212,505	1,841,058	56,409,917	-	(55,961,530)	-	(55,961,530)
Ancillary services	3,233,144	-	1,737,336	-	(1,495,808)	-	(1,495,808)
Community services	16,824,744	9,797	16,336,194	-	(478,753)	-	(478,753)
Interest on long-term liabilities	17,758,968	-	3,473,069	-	(14,285,899)	-	(14,285,899)
Other outgo	1,795,273	1,020,236	-	-	(775,037)	-	(775,037)
Total governmental activities	992,896,692	8,895,772	435,339,878	3,787,993	(544,873,049)	-	(544,873,049)
Business-Type Activities							
Food services	34,500,538	731,659	38,533,747	-	-	4,764,868	4,764,868
Total school district	\$ 1,027,397,230	\$ 9,627,431	\$ 473,873,625	\$ 3,787,993	(544,873,049)	4,764,868	(540,108,181)
General revenues and subventions							
Property taxes, levied for general purposes					\$ 65,412,394	\$ -	\$ 65,412,394
Property taxes, levied for debt service					22,538,242	-	22,538,242
Taxes levied for other specific purposes					9,406,815	-	9,406,815
Federal and State aid not restricted to specific purposes					627,436,193	-	627,436,193
Interest and investment earnings					2,715,152	198,549	2,913,701
Miscellaneous					8,101,363	43,288	8,144,651
Subtotal, general revenues and subventions					735,610,159	241,837	735,851,996
Change in Net Position					190,737,110	5,006,705	195,743,815
Net Position - Beginning, as restated					344,784,452	5,140,006	349,924,458
Net Position - Ending					\$ 535,521,562	\$ 10,146,711	\$ 545,668,273

San Bernardino City Unified School District

Balance Sheet – Governmental Funds

June 30, 2023

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	\$ 499,336,216	\$ 33,228,016	\$ 92,892,530	\$ 625,456,762
Receivables	39,188,162	298,083	2,160,140	41,646,385
Due from other funds	3,978,581	492,086	18,867,466	23,338,133
Prepaid expenditures	142,840	-	-	142,840
Stores inventories	-	-	139,934	139,934
Lease receivables	-	-	307,964	307,964
Total assets	\$ 542,645,799	\$ 34,018,185	\$ 114,368,034	\$ 691,032,018
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 169,271,925	\$ 4,339,166	\$ 3,454,074	\$ 177,065,165
Due to other funds	23,205,247	1,080	801,138	24,007,465
Unearned revenue	36,313,060	-	942,844	37,255,904
Total liabilities	228,790,232	4,340,246	5,198,056	238,328,534
Deferred Inflows of Resources				
Deferred inflows of resources related to leases	-	-	307,964	307,964
Fund Balances				
Nonspendable	353,840	-	141,384	495,224
Restricted	188,326,311	29,677,939	77,643,434	295,647,684
Assigned	105,275,416	-	31,077,196	136,352,612
Unassigned	19,900,000	-	-	19,900,000
Total fund balances	313,855,567	29,677,939	108,862,014	452,395,520
Total liabilities, deferred inflows of resources, and fund balances	\$ 542,645,799	\$ 34,018,185	\$ 114,368,034	\$ 691,032,018

San Bernardino City Unified School District
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2023

Total Fund Balance - Governmental Funds \$ 452,395,520

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:	\$ 1,461,374,030
Accumulated depreciation is:	<u>(444,046,692)</u>

Net capital assets	1,017,327,338
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Right-to-use subscription information technology assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

The cost of right-to-use subscription information technology assets is	4,908,160
Accumulated amortization is	<u>(1,609,076)</u>

Net right-to-use subscription information technology assets	3,299,084
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An Internal Service Fund is used by the District's management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities in the statement of net position.

81,788,104

In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.

(4,521,345)

Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to

Deferred charge on refunding	5,900,810
Net other postemployment benefits (OPEB) liability	33,951,922
Aggregate net pension liability	<u>174,260,027</u>

Total deferred outflows of resources	214,112,759
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San Bernardino City Unified School District
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2023

Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to

Net OPEB liability	\$ (16,027,625)
Aggregate net pension liability	<u>(68,464,618)</u>

Total deferred inflows of resources	\$ (84,492,243)
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Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the fund.	(605,281,969)
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The District's net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.	(128,216,976)
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of

General obligation bonds	(264,746,226)
Premium on issuance	(19,387,924)
Certificates of participation	(76,370,000)
Discount on issuance	106,516
Subscription-based information technology arrangements	(1,204,220)
Compensated absences	(4,179,253)

In addition, the District issues "capital appreciation" general obligation bonds. The accretion of interest on unmatured general obligation bonds to date is:	<u>(45,107,603)</u>
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Total long-term liabilities	<u>(410,888,710)</u>
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Total net position - governmental activities	<u><u>\$ 535,521,562</u></u>
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San Bernardino City Unified School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2023

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local control funding formula	\$ 673,826,480	\$ -	\$ -	\$ 673,826,480
Federal sources	158,171,101	1,254,279	1,751,871	161,177,251
Other state sources	285,803,512	-	20,437,638	306,241,150
Other local sources	17,521,458	1,180,004	37,734,357	56,435,819
Total revenues	1,135,322,551	2,434,283	59,923,866	1,197,680,700
Expenditures				
Current				
Instruction	578,590,111	-	4,762,829	583,352,940
Instruction-related activities				
Supervision of instruction	47,126,057	-	489,759	47,615,816
Instructional library, media, and technology	4,247,885	-	-	4,247,885
School site administration	70,774,908	-	3,000,481	73,775,389
Pupil services				
Home-to-school transportation	23,312,020	-	-	23,312,020
Food services	3,680,058	-	-	3,680,058
All other pupil services	77,585,170	-	466,182	78,051,352
Administration				
Data processing	11,595,939	-	-	11,595,939
All other administration	38,046,497	-	944,988	38,991,485
Plant services	86,209,725	-	1,117,661	87,327,386
Ancillary services	-	-	3,233,144	3,233,144
Community services	2,553,550	-	15,227,674	17,781,224
Other outgo	1,795,273	-	-	1,795,273
Enterprise services	336	-	-	336
Facility acquisition and construction	49,040,262	17,018,254	29,271,724	95,330,240
Debt service				
Principal	1,374,178	6,015,000	15,090,000	22,479,178
Interest and other	2,907,659	2,058,134	7,829,579	12,795,372
Total expenditures	998,839,628	25,091,388	81,434,021	1,105,365,037
Excess (Deficiency) of Revenues over Expenditures	136,482,923	(22,657,105)	(21,510,155)	92,315,663
Other Financing Sources (Uses)				
Transfers in	-	159,680	28,207,920	28,367,600
Other sources - proceeds from SBITAs	1,174,427	-	-	1,174,427
Transfers out	(18,000,000)	(43,967)	(10,323,633)	(28,367,600)
Net Financing Sources (Uses)	(16,825,573)	115,713	17,884,287	1,174,427
Net Change in Fund Balances	119,657,350	(22,541,392)	(3,625,868)	93,490,090
Fund Balances - Beginning	194,198,217	52,219,331	112,487,882	358,905,430
Fund Balances - Ending	\$ 313,855,567	\$ 29,677,939	\$ 108,862,014	\$ 452,395,520

San Bernardino City Unified School District
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
 Funds to the Statement of Activities
 Year Ended June 30, 2023

Total Net Change in Fund Balances - Governmental Funds \$ 93,490,090

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Capital outlay 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 capital outlay exceed depreciation and amortization expense in the period.

Capital outlay	\$ 80,650,333	
Depreciation and amortization expense	<u>(36,613,054)</u>	

Net expense adjustment		44,037,279
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Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.		(21,461)
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Right-to-use subscription information technology assets acquired this year were financed with subscription-based information technology arrangements (SBITAs). The amount financed by the SBITAs is reported in the governmental funds as a source of financing. On the other hand, the SBITAs are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.		(1,174,427)
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In the Statement of Activities, certain operating expenses - compensated absences is measured by the amounts earned during the year. In the governmental funds, however, expenditures for this item is measured by the amount of financial resources used (essentially, the amounts actually paid). Vacation earned was more than the amounts used by \$191,620.		(191,620)
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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.		33,315,027
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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.		(6,741,217)
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San Bernardino City Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
Year Ended June 30, 2023

Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities:

General obligation bonds	\$ 15,090,000
Certificate of participations	7,015,000
Subscription-based information technology arrangements	374,178

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	\$ 1,547,049	
Amortization of debt discount	(39,944)	
Amortization of deferred charge on refunding	<u>(472,101)</u>	
Combined adjustment		1,035,004

Interest on long-term liabilities in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the result of two factors. First, accrued interest on the general obligation bonds and certificates of participation increased \$893,094, and second, \$5,105,506 of additional accumulated interest was accreted on the District's "capital appreciation" general obligation bonds.

(5,998,600)

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.

10,507,857

Change in net position of governmental activities	<u><u>\$ 190,737,110</u></u>
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San Bernardino City Unified School District
Statement of Net Position – Proprietary Funds
June 30, 2023

	Business-Type Activities Enterprise Fund Food Service	Governmental Activities - Internal Service Fund
Assets		
Current assets		
Deposits and investments	\$ 15,337,182	\$ 103,466,812
Receivables	9,385,372	781,326
Due from other funds	2,262,480	1,625,480
Stores inventories	1,424,749	-
Total current assets	28,409,783	105,873,618
Noncurrent assets		
Capital assets, net of accumulated depreciation	1,174,305	-
Total assets	29,584,088	105,873,618
Deferred Outflows of Resources		
Deferred outflows of resources related to OPEB	778,228	-
Deferred outflows of resources related to pensions	6,227,017	-
Total deferred outflows of resources	7,005,245	-
Liabilities		
Current liabilities		
Accounts payable	556,727	1,033,413
Due to other funds	3,212,965	5,663
Unearned revenue	112,003	-
Current portion of claims liability	-	4,739,625
Total current liabilities	3,881,695	5,778,701
Noncurrent liabilities		
Noncurrent portion of claims liability	-	18,306,813
Net other postemployment benefits (OPEB) liability	2,876,019	-
Aggregate net pension liability	18,193,677	-
Total noncurrent liabilities	21,069,696	18,306,813
Total liabilities	24,951,391	24,085,514
Deferred Inflows of Resources		
Deferred outflows of resources related to OPEB	367,377	-
Deferred inflows of resources related to pensions	1,123,854	-
Total deferred inflows of resources	1,491,231	-
Net Position		
Net investment in capital assets	1,174,305	-
Restricted	8,972,406	81,788,104
Total net position	\$ 10,146,711	\$ 81,788,104

San Bernardino City Unified School District
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
Year Ended June 30, 2023

	Business-Type Activities Enterprise Fund <u>Food Service</u>	Governmental Activities - <u>Internal Service Fund</u>
Operating Revenues		
Charges for services	\$ 731,659	\$ 19,765,923
Charges to other funds and miscellaneous revenues	43,288	-
Total operating revenues	<u>774,947</u>	<u>19,765,923</u>
Operating Expenses		
Payroll costs	19,816,806	949,010
Professional and contract services	(1,993,273)	-
Supplies and materials	15,139,698	22,817
Facility rental	113,315	45
Other operating cost	681,409	9,669,570
Depreciation	742,583	-
Total operating expenses	<u>34,500,538</u>	<u>10,641,442</u>
Operating income (loss)	<u>(33,725,591)</u>	<u>9,124,481</u>
Nonoperating Revenues		
Interest income	198,549	2,099,062
Net change in fair market value	-	(715,686)
Federal grants	32,153,984	-
State grants	6,379,763	-
Total nonoperating revenues	<u>38,732,296</u>	<u>1,383,376</u>
Change in Net Position	5,006,705	10,507,857
Total Net Position - Beginning	<u>5,140,006</u>	<u>71,280,247</u>
Total Net Position - Ending	<u>\$ 10,146,711</u>	<u>\$ 81,788,104</u>

San Bernardino City Unified School District
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2023

	Business-Type Activities Enterprise Fund Food Service	Governmental Activities - Internal Service Fund
Operating Activities		
Cash receipts (payments) for user charges	\$ (6,229,452)	\$ 19,765,923
Cash receipts for interfund services provided	-	332,629
Other operating cash receipts (payments)	(751,436)	720,216
Cash payments to other suppliers of goods or services	(12,015,925)	-
Cash payments to employees for services	(17,801,588)	(949,010)
Cash payments for insurance claims	-	(10,054,120)
	(36,798,401)	9,815,638
Net Cash Provided by (Used In) Operating Activities		
Noncapital Financing Activities		
Nonoperating grants received	38,533,747	-
Capital and Related Financing Activities		
Acquisition of capital assets	(207,862)	-
Investing Activities		
Net gain on investments	198,549	850,504
Net Increase in Cash and Cash Equivalents	1,726,033	10,666,142
Cash and Cash Equivalents - Beginning	13,611,149	92,800,670
Cash and Cash Equivalents - Ending	\$ 15,337,182	\$ 103,466,812
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating income (loss)	\$ (33,725,591)	\$ 9,124,481
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	742,583	-
Changes in assets and liabilities		
Receivables	(4,955,711)	(18,412)
Due from other fund	(2,092,808)	333,188
Inventories	(418,225)	-
Deferred outflows of resources	(3,854,020)	-
Accounts payables	189,527	761,490
Due to other fund	1,359,198	(559)
Unearned revenue	87,408	-
Deferred inflows of resources	(2,479,646)	-
Net pension liability	8,275,787	-
Net other postemployment benefits (OPEB) liability	73,097	-
Claims liability and self assessment	-	(384,550)
	(36,798,401)	9,815,638
Net Cash Provided by (Used in) Operating Activities	\$ (36,798,401)	\$ 9,815,638

Noncash, Noncapital Financing Activities
During the year, the District received \$1,621,158 of Food Commodities from the U.S. Department of Agriculture.

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

The San Bernardino City Unified School District (the District) was unified on July 1, 1964, under the laws of the State of California. The District operates under a locally elected seven-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates forty-nine elementary schools, ten middle schools, a K-8 school, a middle college, six comprehensive high schools, one alternative education school, two continuation high schools, a virtual academy, an adult education school, and two special education schools.

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

Component Units

Component units are legally separate organization for which the District is financially accountable. Component units may include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. For financial reporting purposes, the component units have a financial and operational relationship which meets the reporting entity definition criteria of the GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 80, *Blending Requirements For Certain Component Units* and thus are included in the financial statements of the District. The component units, although legally separate entities, are reported in the financial statements using the blended presentation method as if they were part of the District's operations because the governing board of the component unit is essentially the same as the governing board of the District and because their purpose is to finance the construction of facilities to be used for the benefit of the District.

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

Other Related Entities

Charter School The District has approved Charters for Provisional Accelerated Learning (PAL) Academy (Charter Number 0335), ASA Charter (Charter Number 0677), Public Safety Academy (Charter Number 0731), SOAR Charter Academy (Charter Number 0982), Options for Youth - San Bernardino (Charter Number 1132), New Vision Middle (Charter Number 1089), Hardy Brown College Prep (Charter Number 1155), iEmpire Academy (Charter Number 1153), Woodward Leadership Academy (Charter Number 1438), Savant Preparatory Academy of Business (Charter Number 1971), Ballington Academy for the Arts and Science – San Bernardino (1795), 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 two broad fund categories: governmental and proprietary.

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

Major Governmental Funds

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

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

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

As a result, the General Fund reflects an increase in fund balance of \$10,938,044.

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.

Non-Major Governmental Funds

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

- **Student Activity Fund** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.
- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.
- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

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

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).
- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), or the 2006 State Schools Facilities Fund (Proposition 1D) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).
- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).
- **Capital Project Fund for Blended Component Units** The Capital Project Fund for Blended Component Units is 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).

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

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

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

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

Basis of Accounting - Measurement Focus

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

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each governmental program and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities*, except for depreciation and amortization of subscription information technology assets. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the internal service fund, and the restrictions on their use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major governmental funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.
- **Proprietary Funds** Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

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

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

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

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

Cash and Cash Equivalents

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

Investments

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in the County investment pool are determined by the program sponsor.

Prepaid Expenditures (Expenses)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. 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 funds and expenses in the proprietary funds when consumed rather than when purchased.

Capital Assets, Depreciation, and Amortization

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

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

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

Depreciation 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.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2023.

The District records the value of right-to-use subscription information technology assets based on the underlying subscription asset in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The right-to-use subscription information technology asset is amortized each year for the term of the contract or useful life of the underlying asset.

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 as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full, from current financial resources are reported as liabilities of the governmental funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, leases, and long-term loans are recognized as liabilities in the governmental fund financial statements when due.

Debt Issuance Costs, Premiums, and Discounts

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

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

Deferred Outflows/Inflows of Resources

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Leases

The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Subscriptions

The District recognizes a subscription liability and an intangible right-to-use subscription information technology asset (subscription information technology asset) in the government-wide financial statements. At the commencement of the subscription term, the District measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription information technology asset is initially measured as the initial amount of the subscription liability, plus certain initial direct costs. Subsequently, the subscription information technology asset is amortized on a straight-line basis over the shorter of the subscription term or useful life of the underlying asset. The amortization period varies from two to eight years.

Fund Balances - Governmental Funds

As of June 30, 2023, fund balances of the governmental funds are classified as follows:

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

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

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

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than two percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$337,419,459 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**Implementation of GASB Statement No. 96**

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription information technology asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 18 and the additional disclosures required by this standard are included in Notes 5 and 10.

Note 2 - Deposits and Investments**Summary of Deposits and Investments**

Deposits and investments as of June 30, 2023, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 728,923,574
Business-type activities	<u>15,337,182</u>
Total deposits and investments	<u><u>\$ 744,260,756</u></u>

Deposits and investments as of June 30, 2023, consist of the following:

Cash on hand and in banks	\$ 14,565,407
Cash in revolving	221,960
Investments	<u>729,473,389</u>
Total deposits and investments	<u><u>\$ 744,260,756</u></u>

Policies and Practices

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

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

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District 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	\$ 719,649,720	539
US Bank Money Market Mutual Fund	6,445,241	1
Allspring Heritage Money Market Mutual Fund	3,378,428	16
Total	\$ 729,473,389	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments with the San Bernardino County Treasury Investment Pool is rated AAA by Fitch Ratings. The US Bank Money Market Mutual Fund and Allspring Heritage Money Market Mutual Fund are not rated.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% 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% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2023, the District's bank balance of \$498,888 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 \$13,418,192 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 reasonably 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.

San Bernardino City Unified School District

Notes to Financial Statements

June 30, 2023

The District's fair value measurements are as follows at June 30, 2023:

Investment Type	Reported Amount	Fair Value Measurements Using Level 2 Inputs	Uncategorized
San Bernardino County Treasury Investment Pool	\$ 719,649,720	\$ -	\$ 719,649,720
US Bank Money Market Mutual Fund	6,445,241	6,445,241	-
Allspring Heritage Money Market Mutual Fund	3,378,428	3,378,428	-
Total	\$ 729,473,389	\$ 9,823,669	\$ 719,649,720

All assets have been valued using a market approach, with quoted market prices.

Note 4 - Receivables

Receivables at June 30, 2023, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities	Food Service Enterprise Fund
Federal Government						
Categorical aid	\$ 18,852,448	\$ -	\$ 297,340	\$ -	\$ 19,149,788	\$ 7,621,712
State Government						
Categorical aid	13,220,957	-	176,666	-	13,397,623	1,596,884
Lottery	2,972,922	-	-	-	2,972,922	-
Special education	380,947	-	-	-	380,947	-
Local Government						
Interest	3,084,107	298,083	407,289	722,086	4,511,565	-
Other Local Sources						
Other	676,781	-	1,278,845	59,240	2,014,866	166,776
Total	\$ 39,188,162	\$ 298,083	\$ 2,160,140	\$ 781,326	\$ 42,427,711	\$ 9,385,372

Note 5 - Capital Assets and Right-to-Use Subscription Information Technology Assets

Capital assets and right-to-use subscription information technology assets activity for the fiscal year ended June 30, 2023, was as follows:

	Balance July 1, 2022 as restated	Additions	Deductions	Balance June 30, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 32,151,833	\$ -	\$ -	\$ 32,151,833
Construction in process	75,249,902	68,388,906	(41,567,893)	102,070,915
Total capital assets not being depreciated	<u>107,401,735</u>	<u>68,388,906</u>	<u>(41,567,893)</u>	<u>134,222,748</u>
Capital assets being depreciated				
Land improvements	109,189,309	17,711,548	-	126,900,857
Buildings and improvements	1,126,753,331	27,914,703	-	1,154,668,034
Furniture and equipment	42,113,675	3,698,880	(230,164)	45,582,391
Total capital assets being depreciated	<u>1,278,056,315</u>	<u>49,325,131</u>	<u>(230,164)</u>	<u>1,327,151,282</u>
Less accumulated depreciation				
Land improvements	(48,603,086)	(4,173,517)	-	(52,776,603)
Buildings and improvements	(330,858,917)	(28,303,756)	-	(359,162,673)
Furniture and equipment	(29,789,414)	(2,526,705)	208,703	(32,107,416)
Total accumulated depreciation	<u>(409,251,417)</u>	<u>(35,003,978)</u>	<u>208,703</u>	<u>(444,046,692)</u>
Net depreciable capital assets	<u>868,804,898</u>	<u>14,321,153</u>	<u>(21,461)</u>	<u>883,104,590</u>
Right-to-use subscription information technology assets being amortized				
Right-to-use subscription information technology assets	403,971	4,504,189	-	4,908,160
Accumulated amortization	-	(1,609,076)	-	(1,609,076)
Net right-to-use subscription information technology assets	<u>403,971</u>	<u>2,895,113</u>	<u>-</u>	<u>3,299,084</u>
Governmental activities capital assets and right-to-use subscription information technology assets, net	<u>\$ 976,610,604</u>	<u>\$ 85,605,172</u>	<u>\$ (41,589,354)</u>	<u>\$ 1,020,626,422</u>

San Bernardino City Unified School District

Notes to Financial Statements

June 30, 2023

	Balance July 1, 2022 as restated	Additions	Deductions	Balance June 30, 2023
Business-Type Activities				
Capital assets being depreciated				
Buildings and improvements	\$ 8,841,937	\$ 44,423	\$ -	\$ 8,886,360
Furniture and equipment	9,260,155	163,439	(37,579)	9,386,015
	<u>18,102,092</u>	<u>207,862</u>	<u>(37,579)</u>	<u>18,272,375</u>
Total capital assets being depreciated				
Less accumulated depreciation				
Buildings and improvements	(8,125,487)	(399,098)	-	(8,524,585)
Furniture and equipment	(8,267,579)	(343,485)	37,579	(8,573,485)
	<u>(16,393,066)</u>	<u>(742,583)</u>	<u>37,579</u>	<u>(17,098,070)</u>
Total accumulated depreciation				
Business-type activities capital assets, net	<u>\$ 1,709,026</u>	<u>\$ (534,721)</u>	<u>\$ -</u>	<u>\$ 1,174,305</u>

Depreciation and amortization expense were charged as a direct expense to governmental and business-type functions as follows:

Governmental Activities		
Instruction		\$ 33,008,106
Supervision of instruction		3,267
Instructional library, media, and technology		291
School site administration		100,992
All other pupil services		700,080
All other general administration		350,040
Plant services		2,450,278
		<u>36,613,054</u>
Business-Type Activities		
Food services		742,583
		<u>742,583</u>
Total depreciation and amortization expense all activities		<u>\$ 37,355,637</u>

Note 6 - Lease Receivables

Lease receivables are recorded by the District at the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the District charges the lessee. The District has accrued a receivable for leasing a portion of its facilities to various lessees. These leases are non-cancelable for periods more than one year. During the fiscal year, the District recognized \$102,535 in lease revenue and \$18,070 in interest revenue related to these agreements. As of June 30, 2023, the District recorded \$307,964 in leases receivable and \$307,964 in deferred inflows of resources related to leases for these arrangements. The interest rate on these lease agreements was 4.0%.

Note 7 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2023, between major and non-major governmental funds, enterprise funds, and internal service funds, are as follows:

Due To	Due From					Total
	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Food Service Enterprise Fund	
General Fund	\$ -	\$ 960	\$ 758,993	\$ 5,663	\$ 3,212,965	\$ 3,978,581
Building Fund	492,086	-	-	-	-	492,086
Non-Major Governmental Funds	18,866,807	-	659	-	-	18,867,466
Internal Service Fund	1,583,874	120	41,486	-	-	1,625,480
Food Service Enterprise Fund	2,262,480	-	-	-	-	2,262,480
Total	\$ 23,205,247	\$ 1,080	\$ 801,138	\$ 5,663	\$ 3,212,965	\$ 27,226,093

The balance of \$18,000,000 due to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects from the General Fund resulted from reimbursement of eligible construction project costs.

The balance of \$2,262,480 due to the Food Service Enterprise Fund from the General Fund resulted from reimbursement of operating expenses.

The balance of \$1,583,874 due to the Internal Service Fund from the General Fund was for worker's compensation and other postemployment benefit charges.

The balance of \$492,086 due to the Building Fund from the General Fund resulted from reimbursement of eligible construction project costs.

A balance of \$705,197 due to the County School Facilities Non-Major Governmental Fund from the General Fund resulted from reimbursement of eligible construction project costs.

A balance of \$598,174 due to the General Fund from the Child Development Non-Major Governmental Fund resulted from reimbursement of operating expenses.

The balance of \$3,212,965 due to the General Fund from the Food Service Enterprise Fund resulted from reimbursement of operating expenses.

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, 2023, consisted of the following:

Transfer To	Transfer From			Total
	General Fund	Building Fund	Non-Major Governmental Funds	
Building Fund	\$ -	\$ -	\$ 159,680	\$ 159,680
Non-Major Governmental Funds	18,000,000	43,967	10,163,953	28,207,920
Total	\$ 18,000,000	\$ 43,967	\$ 10,323,633	\$ 28,367,600

The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for reimbursement of eligible construction project costs. \$ 18,000,000

The Building Fund transferred to the County School Facilities Non-Major Governmental Fund for reimbursement of eligible construction project costs. 43,967

The County School Facilities Non-Major Governmental Fund transferred to the Building Fund for reimbursement of eligible construction project costs. 159,680

The County School Facilities Non-Major Governmental Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for reimbursement of eligible construction project costs. 10,163,953

Total **\$ 28,367,600**

Note 8 - Accounts Payable

Accounts payable at June 30, 2023, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities	Food Service Enterprise Fund
Salaries and benefits	\$ 46,191,568	\$ -	\$ 941,077	\$ 2,423	\$ 47,135,068	\$ -
LCFF apportionment	2,008,021	-	-	-	2,008,021	-
Due to CDE	12,309,442	-	-	-	12,309,442	-
Other payables	108,762,894	4,339,166	2,512,997	1,030,990	116,646,047	556,727
Total	\$ 169,271,925	\$ 4,339,166	\$ 3,454,074	\$ 1,033,413	\$ 178,098,578	\$ 556,727

Note 9 - Unearned Revenue

Unearned revenue at June 30, 2023, consists of the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Activities	Food Service Enterprise Fund
Federal financial assistance	\$ 30,136,186	\$ -	\$ 30,136,186	\$ 112,003
State categorical aid	5,714,169	-	5,714,169	-
Other local	462,705	942,844	1,405,549	-
Total	\$ 36,313,060	\$ 942,844	\$ 37,255,904	\$ 112,003

Note 10 - Long-Term Liabilities Other than OPEB and Pensions**Summary**

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

	Balance July 1, 2022 as restated	Additions	Deductions	Balance June 30, 2023	Due in One Year
Governmental Activities					
General obligation bonds	\$ 319,838,323	\$ 5,105,506	\$ (15,090,000)	\$ 309,853,829	\$ 15,615,000
Premium on issuance	9,726,863	-	(846,542)	8,880,321	-
Certificates of participation	83,385,000	-	(7,015,000)	76,370,000	7,435,000
Discount on issuance	(146,460)	-	39,944	(106,516)	-
Premium on issuance	11,208,110	-	(700,507)	10,507,603	-
Subscription-based information technology arrangements	403,971	1,174,427	(374,178)	1,204,220	372,127
Compensated absences	3,987,633	191,620	-	4,179,253	-
Claims liability	23,129,602	4,656,461	(4,739,625)	23,046,438	4,739,625
SELF assessment	301,386	-	(301,386)	-	-
Total	\$ 451,834,428	\$ 11,128,014	\$ (29,027,294)	\$ 433,935,148	\$ 28,161,752

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

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2022	Issued	Accreted	Redeemed	Bonds Outstanding June 30, 2023
5/1/03	8/1/27	1.10 - 5.46%	\$ 15,000,000	\$ 17,432,418	\$ -	\$ 907,786	\$ (1,880,000)	\$ 16,460,204
9/16/04	8/1/29	1.25 - 5.46%	44,999,498	2,037,580	-	181,776	-	2,219,356
5/18/06	8/1/30	4.50 - 5.15%	67,999,967	6,127,649	-	515,958	-	6,643,607
3/3/11	8/1/42	7.41 - 7.50%	11,525,419	27,714,812	-	2,110,080	-	29,824,892
3/3/11	8/1/35	7.41 - 7.50%	5,477,434	15,320,864	-	1,389,906	-	16,710,770
5/22/13	8/1/28	2.00 - 5.00%	86,000,000	21,020,000	-	-	(6,415,000)	14,605,000
6/12/13	8/1/27	0.99 - 4.66%	12,515,000	1,785,000	-	-	(830,000)	955,000
8/7/14	8/1/28	2.00-5.00%	24,705,000	11,260,000	-	-	(1,935,000)	9,325,000
7/15/15	8/1/40	2.00-5.00%	32,495,000	29,725,000	-	-	-	29,725,000
10/31/17	8/1/42	3.00-5.00%	31,550,000	29,515,000	-	-	(795,000)	28,720,000
10/31/17	8/1/42	4.00-5.00%	21,085,000	17,115,000	-	-	(350,000)	16,765,000
9/24/20	8/1/44	3.00%	35,000,000	35,000,000	-	-	-	35,000,000
9/24/20	8/1/37	0.489-2.732%	20,185,000	19,850,000	-	-	(1,490,000)	18,360,000
9/24/20	8/1/31	1.25-4.00%	13,250,000	13,250,000	-	-	-	13,250,000
9/24/20	8/1/37	0.429-2.722%	74,315,000	72,685,000	-	-	(1,395,000)	71,290,000
				<u>\$ 319,838,323</u>	<u>\$ -</u>	<u>\$ 5,105,506</u>	<u>\$ (15,090,000)</u>	<u>\$ 309,853,829</u>

1999 General Obligation Bonds, Series C

On May 1, 2003, the District issued the 1999 General Obligations Bonds, Series C, in the amount of \$15,000,000. The Series C bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting \$16,775,000, and an aggregate principal debt service balance of \$31,775,000. The bonds have a final maturity which occurs on August 1, 2027, with interest rates of 1.10 to 5.46%. Proceeds from the sale of the bonds were used to finance the construction, renovation, and repair of certain school facilities. On September 16, 2004, the District issued the 2004 General Obligation Refunding Bonds in the amount of \$37,055,000. Bond proceeds from this issuance were used to refund \$7,160,000 of the outstanding 1999 General Obligation Bonds, Series C. At June 30, 2023, 1999 General Obligation Bonds, Series C totaling \$16,460,204 (including accretion) were still outstanding.

2004 General Obligation Bonds, Series A

On September 16, 2004, the District issued the 2004 General Obligation Bonds, Series A, in the amount of \$44,999,498. The Series A bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting \$3,910,000, and an aggregate principal debt service balance of \$48,415,000. The bonds have a final maturity which occurs on August 1, 2029, with interest rates of 1.25 to 5.46%. The bonds were issued to fund the construction, renovation, and repair of certain District facilities and the prepayment of \$57,000,000 of the District's outstanding Certificates of Participation (School Facility Bridge Funding Program). During the 2014-2015 fiscal year, proceeds from the 2014 General Obligation Refunding Bonds were used to provide advance refunding of all outstanding current interest bonds, leaving only the capital appreciation bonds outstanding. At June 30, 2023, 2004 General Obligation Bonds, Series A, totaling \$2,219,356 (including accretion) were still outstanding.

2004 General Obligation Bonds, Series B

On May 18, 2006, the District issued the 2004 General Obligation Bonds, Series B, in the amount of \$67,999,967. The Series B represents the second series of the authorized bonds not to exceed \$140,000,000 to be issued under the measure as approved by voters. The bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting \$14,480,033, and an aggregate principal debt service balance of \$82,480,000. In 2013, \$59,995,000 was refunded using proceeds from the 2013 Refunding General Obligation Bonds. The bonds have a final maturity which occurs on August 1, 2030, with interest rates of 4.50 to 5.15%. Proceeds from the sale of the bonds were used to finance the construction, renovation, and repair of certain school facilities. At June 30, 2023, the principal balance outstanding (including accretion) was \$6,643,607.

2004 General Obligation Bonds, Series D

On March 3, 2011, the District issued the 2004 General Obligation Bonds, Series D, in the amount of \$11,525,419. The Series D represents the fourth series of authorized bonds not to exceed \$140,000,000 to be issued under the measure as approved by voters. The Series D bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting to \$79,784,581, and an aggregate principal debt service balance of \$91,310,000. The bonds have a final maturity which occurs on August 1, 2042, with interest rates of 7.41 to 7.50%. Proceeds from the sale of the bonds were used to finance the construction, renovation, and repair of certain school facilities. At June 30, 2023, the principal balance outstanding (including accretion) was \$29,824,892.

2004 General Obligation Bonds, Series E

On March 3, 2011, the District issued the 2004 General Obligation Bonds, Series E, in the amount of \$5,477,434. The Series E represents the fifth series of authorized bonds not to exceed \$140,000,000 to be issued under the measure as approved by voters. The Series E bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting \$35,157,566, and an aggregate principal debt service balance of \$40,635,000. The bonds have a final maturity which occurs on August 1, 2035, with interest rates of 7.41 to 7.50%. Proceeds from the sale of the bonds were used to fund capitalized interest and to pay the premiums of bond insurance and a reserve surety bond for the 2011 Certificates of Participation Series A. At June 30, 2023, the principal balance outstanding (including accretion) was \$16,710,770.

2013 Refunding General Obligation Bonds

On May 22, 2013, the District issued 2013 Refunding General Obligation Bonds in the amount of \$86,000,000. The refunding bonds were issued as current interest bonds. The bonds have a final maturity which occurs on August 1, 2028, with interest rates ranging from 2.00 to 5.00%. Proceeds from the sale of bonds were used to provide current refunding of \$13,730,000, \$16,175,000, and \$59,995,000 for the 2004 Refunding General Obligation Bonds, 2004 General Obligation Bonds, Series A, and 2004 General Obligation Bonds, Series B, respectively. During the 2021-2022 fiscal year, proceeds from the 2020 General Obligation Refunding Bonds, Series B were used to provide partial advance refunding of \$31,020,000 bonds. As of June 30, 2023, the principal balance outstanding was \$14,605,000.

2012 General Obligation Bonds, Series B

On June 12, 2013, the District issued the 2012 General Obligation Bonds, Series B in the amount of \$12,515,000. The Series B represents the second series of authorized bonds not to exceed \$250,000,000 to be issued under the measure as approved by voters. The bonds have a final maturity which occurs on August 1, 2027, with interest rates of 0.99 to 4.66%. The bonds were issued to fund the construction, renovation, and repair of certain District facilities. During the 2021-2022 fiscal year, proceeds from the District's 2020 General Obligation Refunding Bonds, Series B were used to provide partial advance refunding of \$4,065,000 bonds. At June 30, 2023, 2012 General Obligation Bonds, Series B, totaling \$955,000 were still outstanding.

2014 Refunding General Obligation Bonds

On August 7, 2014, the District issued 2014 Refunding General Obligation Bonds in the amount of \$24,705,000. The refunding bonds were issued as current interest bonds. The bonds have a final maturity which occurs on August 1, 2028 with interest rates of 2.00 to 5.00%. Proceeds from the sale of the bonds were used to provide advance refunding of the District's 2004 General Obligation Bonds, Series A and 2004 General Obligation Refunding Bonds in the amount of \$14,685,000 and \$12,470,000, respectively. As of June 30, 2023, the principal balance outstanding was \$9,325,000.

2012 General Obligation Bonds, Series C

On July 15, 2015, the District issued the 2012 General Obligation Bonds, Series C in the amount of \$32,495,000. The Series C represents the third series of authorized bonds not to exceed \$250,000,000 to be issued under the measure as approved by voters. The bonds have a final maturity which occurs on August 1, 2040, with interest rates of 2.00 to 5.00%. The bonds were issued to fund the construction, renovation, and repair of certain District facilities. At June 30, 2023, 2012 General Obligation Bonds, Series C, totaling \$29,725,000 were still outstanding.

2012 General Obligation Bonds, Series D

On October 31, 2017, the District issued the 2012 General Obligation Bonds, Series D in the amount of \$31,550,000. The bonds were issued as current interest bonds. The bonds have a final maturity to occur on August 1, 2042, with interest rates from 3.00 to 5.00%. 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, 2023, 2012 General Obligation Bonds, Series D, totaling \$28,720,000 were still outstanding.

2012 General Obligation Bonds, Series E

On October 31, 2017, the District issued the 2012 General Obligation Bonds, Series E in the amount of \$21,085,000. The bonds were issued as current interest bonds. The bonds have a final maturity to occur on August 1, 2042, with interest rates from 4.00 to 5.00%. 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, 2023, 2012 General Obligation Bonds, Series E, totaling \$16,765,000 were still outstanding.

2012 General Obligation Bonds, Series F

On September 24, 2020, the District issued the 2012 General Obligation Bonds, Series F in the amount of \$35,000,000. The bonds were issued as current interest bonds. The bonds were issued at an aggregate price of \$36,281,589 (representing the principal amount of \$35,000,000 plus premium of \$1,643,950, less cost of issuance of \$362,361). The bonds have a final maturity to occur on August 1, 2044, with an interest rate at 3.00%. Proceeds from sale of bonds will be used to finance the acquisition, construction, repair, furnishing and equipping of the District sites and facilities, and pay the costs of issuing the bonds. At June 30, 2023, 2012 General Obligation Bonds, Series F, totaling \$35,000,000 were still outstanding.

2012 General Obligation Bonds, Series G

On September 24, 2020, the District issued the 2012 General Obligation Bonds, Series G in the amount of \$20,185,000. The bonds were issued as current interest bonds. The bonds were issued at an aggregate price of \$19,975,537 (representing the principal amount of \$20,185,000 less cost of issuance of \$209,463). The bonds have a final maturity to occur on August 1, 2037, with interest rates ranging from 0.489 to 2.732%. Proceeds from sale of bonds will be used to pay certain of the lease payments with respect to the District's outstanding Taxable Certificates of Participation, 2011 Series A (Direct Subsidy Qualified School Construction Bonds) and pay the costs of issuing the bonds. At June 30, 2023, 2012 General Obligation Bonds, Series G, totaling \$18,360,000 were still outstanding.

2020 General Obligation Refunding Bonds, Series A

On September 24, 2020, the District issued the 2020 General Obligation Refunding Bonds, Series A in the amount of \$13,250,000. The bonds were issued as current interest bonds. The bonds were issued at an aggregate price of \$14,406,616 (representing the principal amount of \$13,250,000 plus premium of \$1,294,511, less cost of issuance of \$135,895). The bonds have a final maturity to occur on August 1, 2031, with interest rates ranging from 1.25 to 4.00%. Proceeds from the bonds will be used to refund certain of the District's outstanding prior bonds and pay the costs of issuing the Refunding Bonds. At June 30, 2023, the principal balance outstanding of the 2020 General Obligation Refunding Bonds, Series A was \$13,250,000.

2020 General Obligation Refunding Bonds, Series B

On September 24, 2020, the District issued the 2020 General Obligation Refunding Bonds, Series B in the amount of \$74,315,000. The bonds were issued as current interest bonds. The bonds were issued at an aggregate price of \$73,644,877 (representing the principal amount of \$74,315,000 less cost of issuance of \$670,123). The bonds have a final maturity to occur on August 1, 2037, with interest rates ranging from 0.429 to 2.722%. Proceeds from the bonds will be used to refund certain of the District's outstanding prior bonds and pay the costs of issuing the Refunding Bonds. At June 30, 2023, the principal balance outstanding of the 2020 General Obligation Refunding Bonds, Series B was \$71,290,000.

Debt Service Requirements to Maturity

The bonds mature through 2045 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Current Interest to Maturity	Total
2024	\$ 15,562,850	\$ 52,150	\$ 7,460,656	\$ 23,075,656
2025	16,150,883	164,117	6,896,469	23,211,469
2026	16,282,170	727,134	6,336,005	23,345,309
2027	17,029,786	865,214	6,109,852	24,004,852
2028	17,879,516	1,125,484	5,833,319	24,838,319
2029-2033	64,655,666	12,994,334	24,703,960	102,353,960
2034-2038	66,477,721	38,007,279	18,363,426	122,848,426
2039-2043	69,305,237	41,154,763	9,386,797	119,846,797
2044-2045	26,510,000	-	803,400	27,313,400
Total	\$ 309,853,829	\$ 95,090,475	\$ 85,893,884	\$ 490,838,188

Certificates of Participation

Issue Date	Maturity Date	Interest Rate	Original Issue	Certificates Outstanding July 1, 2022	Issued	Redeemed	Certificates Outstanding June 30, 2023
3/3/11	2/1/26	7.903-8.403%	\$ 53,080,000	\$ 25,110,000	\$ -	\$ (6,015,000)	\$ 19,095,000
6/27/19	10/1/38	3.00-5.00%	62,705,000	58,275,000	-	(1,000,000)	57,275,000
				\$ 83,385,000	\$ -	\$ (7,015,000)	\$ 76,370,000

2011 Certificates of Participation, Series A

On March 3, 2011, the San Bernardino Schools Financing Corporation issued the 2011 Certificates of Participation Series A in the amount of \$53,080,000. The certificates have a final maturity date of February 1, 2026, with interest rates ranging from 7.903 to 8.403%. Proceeds from the sale of certificates were used to finance the construction, renovation, and repair of certain school facilities. At June 30, 2023, the principal balance outstanding was \$19,095,000.

2019 Certificates of Participation

On June 27, 2019, the San Bernardino Schools Financing Corporation issued 2019 Certificates of Participation in the amount of \$62,705,000. The certificates have a final maturity date of October 1, 2038, with interest rates ranging from 3.00 to 5.00%. 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, 2023, the principal balance outstanding was \$57,275,000.

Debt Service Requirements to Maturity

The certificates mature through 2039 as follows:

Year Ending June 30,	Principal	Current Interest to Maturity	Total
2024	\$ 7,435,000	\$ 4,402,225	\$ 11,837,225
2025	1,525,000	3,828,587	5,353,587
2026	14,720,000	3,220,322	17,940,322
2027	2,115,000	2,581,625	4,696,625
2028	2,425,000	2,468,125	4,893,125
2029-2033	17,045,000	10,077,375	27,122,375
2034-2038	24,810,000	4,897,750	29,707,750
2039	6,295,000	157,375	6,452,375
Total	<u>\$ 76,370,000</u>	<u>\$ 31,633,384</u>	<u>\$ 108,003,384</u>

Subscriptions-Based Information Technology Arrangements (SBITAs)

The District has entered into SBITAs for the use of various software. At June 30, 2023, the District has recognized a right-to-use subscriptions information technology asset of \$3,299,084 and a SBITA liability of \$1,204,220 related to these agreements. During the fiscal year, the District recorded \$1,609,076 in amortization expense. The District is required to make annual principal and interest payments through March 2026. The subscriptions have an interest rate of 4.0%.

The remaining principal and interest payment requirements for the SBITA obligation debt as of June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 372,127	\$ 48,170	\$ 420,297
2025	402,987	33,283	436,270
2026	429,106	17,164	446,270
Total	<u>\$ 1,204,220</u>	<u>\$ 98,617</u>	<u>\$ 1,302,837</u>

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2023, amounted to \$4,179,253.

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, 2023, amounted to \$23,046,438, using a discount factor of 1.9%. See Note 13 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, 2023, the District's obligation on their pro-rata share of equity assessed was fully paid.

Note 11 - Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2023, 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	\$ 128,348,675	\$ 34,730,150	\$ 16,395,002	\$ 12,197,620
Medicare Premium Payment (MPP) Program	2,744,320	-	-	(530,451)
Total	<u>\$ 131,092,995</u>	<u>\$ 34,730,150</u>	<u>\$ 16,395,002</u>	<u>\$ 11,667,169</u>

The details of each plan are as follows:

District Plan

Plan Administration

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

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

Plan Membership

At June 30, 2021, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	362
Active employees	4,129
	<u>4,491</u>

Benefits Provided

The Plan provides medical and vision insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The contribution requirements of the Plan members and the District are established and may be amended by the District, the San Bernardino Teachers Association (SBTA), the local California Service Employees Association (CSEA), and unrepresented groups. The District contributions are based on pay-as-you-go financing requirements, which include the statutory minimum required monthly premium, plus an administrative fee, on behalf of each retiree. In addition, the District makes supplemental contributions towards eligible retirees' premiums until age 65 according to the provisions of the District's agreement with its various employee groups. Any additional contributions are based on availability of funds. For the measurement period of June 30, 2022, the District contributed \$3,731,520 to the Plan, all of which was used for current premiums. For the current fiscal year, the District contributed \$11,286,933 to the plan.

Net OPEB Liability of the District

The District's net OPEB liability of \$128,348,675 was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The components of the net OPEB liability of the District at June 30, 2022, measurement date, were as follows:

Total OPEB liability	\$ 128,437,582
Plan fiduciary net position	<u>(88,907)</u>
District's net OPEB liability	<u>\$ 128,348,675</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.07%</u>

Actuarial Assumptions

The total OPEB liability as of June 30, 2022 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total OPEB liability to June 30, 2022. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% for 2022
Salary increases	2.75%, average, including inflation
Investment rate of return	3.55% for 2022, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	4.00%

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

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actual experience study for the period July 1, 2020 to June 30, 2021.

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, 2021 (Measurement Date)	\$ 137,316,530	\$ 102,656	\$ 137,213,874
Service cost	8,247,162	-	8,247,162
Interest	3,042,721	-	3,042,721
Contributions-employer	-	3,731,520	(3,731,520)
Net investment income	-	(6,926)	6,926
Investment gain/losses	-	(6,797)	6,797
Changes of assumptions	(16,437,311)	-	(16,437,311)
Benefit payments	(3,731,520)	(3,731,520)	-
Administrative expense	-	(26)	26
Net change in total OPEB liability	<u>(8,878,948)</u>	<u>(13,749)</u>	<u>(8,865,199)</u>
Balance at June 30, 2022 (Measurement Date)	<u>\$ 128,437,582</u>	<u>\$ 88,907</u>	<u>\$ 128,348,675</u>

No changes of benefit terms were noted.

Changes of assumptions reflect a change in the discount rate from 2.18% in 2021 to 3.55% in 2022 and a change in the inflation assumption from 2.75% in 2021 to 2.50% in 2022.

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:

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (2.55%)	\$ 140,613,912
Current discount rate (3.55%)	128,348,675
1% increase (4.55%)	119,418,804

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:

<u>Healthcare Cost Trend Rates</u>	<u>Net OPEB Liability</u>
1% decrease (3.00%)	\$ 111,326,347
Current healthcare cost trend rate (4.00%)	128,348,675
1% increase (5.00%)	147,886,475

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$12,197,620. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to measurement date	\$ 11,286,933	\$ -
Differences between expected and actual experience	4,451,726	-
Changes of assumptions	18,984,120	16,395,002
Net difference between projected and actual earnings on OPEB plan investments	<u>7,371</u>	<u>-</u>
Total	<u>\$ 34,730,150</u>	<u>\$ 16,395,002</u>

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 915,207
2025	915,550
2026	915,015
2027	918,303
2028	914,176
Thereafter	<u>2,469,964</u>
Total	<u>\$ 7,048,215</u>

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2023, the District reported a liability of \$2,744,320 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. 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, 2022 and June 30, 2021, respectively, was 0.8331%, and 0.8210%, resulting in a net increase in the proportionate share of 0.0121%.

For the year ended June 30, 2023, the District recognized OPEB expense of \$(530,451).

Actuarial Methods and Assumptions

The June 30, 2022 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total OPEB liability to June 30, 2022, using the assumptions listed in the following table:

Measurement Date	June 30, 2022	June 30, 2021
Valuation Date	June 30, 2021	June 30, 2020
Experience Study	July 1, 2015 through June 30, 2018	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.54%	2.16%
Medicare Part A Premium Cost Trend Rate	4.50%	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%	5.40%

For the valuation as of June 30, 2021, 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 members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members’ age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 209 or an average of 0.14% of the potentially eligible population (145,282).

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, 2022, 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, 2022, is 3.54%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.54%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2022, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased 1.38% from 2.16% as of June 30, 2021.

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 (2.54%)	\$ 2,991,836
Current discount rate (3.54%)	2,744,320
1% increase (4.54%)	2,530,002

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

The following presents the District's proportionate share of the net OPEB liability calculated using the Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 2,518,014
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	2,744,320
1% increase (5.50% Part A and 6.40% Part B)	3,000,849

Note 12 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	\$ 211,000	\$ -	\$ 1,450	\$ 212,450
Stores inventories	-	-	139,934	139,934
Prepaid expenditures	142,840	-	-	142,840
Total nonspendable	<u>353,840</u>	<u>-</u>	<u>141,384</u>	<u>495,224</u>
Restricted				
Legally restricted programs	188,326,311	-	7,321,938	195,648,249
Capital projects	-	29,677,939	42,447,659	72,125,598
Debt services	-	-	27,873,837	27,873,837
Total restricted	<u>188,326,311</u>	<u>29,677,939</u>	<u>77,643,434</u>	<u>295,647,684</u>
Assigned				
Deferred maintenance	10,535,908	-	-	10,535,908
Textbook adoption	16,885,822	-	-	16,885,822
Athletic strategic plan	20,700,000	-	-	20,700,000
Scholarships	402,136	-	-	402,136
Adult education	-	-	27,679	27,679
Future capital projects	-	-	31,049,517	31,049,517
Other assignments	56,751,550	-	-	56,751,550
Total assigned	<u>105,275,416</u>	<u>-</u>	<u>31,077,196</u>	<u>136,352,612</u>
Unassigned				
Reserve for economic uncertainties	19,900,000	-	-	19,900,000
Total	<u>\$ 313,855,567</u>	<u>\$ 29,677,939</u>	<u>\$ 108,862,014</u>	<u>\$ 452,395,520</u>

Note 13 - Risk Management**Property and Liability**

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2023, 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 2023, 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, 2021 to June 30, 2023:

	<u>Workers' Compensation</u>
Liability Balance, July 1, 2021	\$ 27,850,275
Provision for estimated claims and claims administration	(831,700)
Claims payments	<u>(3,888,973)</u>
Liability Balance, June 30, 2022	23,129,602
Provision for estimated claims and claims administration	4,656,461
Claims payments	<u>(4,739,625)</u>
Liability Balance, June 30, 2023	<u>\$ 23,046,438</u>
Assets available to pay claims at June 30, 2023	<u><u>\$ 44,069,609</u></u>

Note 14 - 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, 2023, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 385,719,928	\$ 100,707,047	\$ 55,174,221	\$ 35,918,597
CalPERS	232,758,638	76,438,625	14,359,987	27,724,566
CalPERS - Safety Risk Pool	4,997,080	3,341,372	54,264	1,421,775
Total	<u>\$ 623,475,646</u>	<u>\$ 180,487,044</u>	<u>\$ 69,588,472</u>	<u>\$ 65,064,938</u>

The details of each plan are as follows:

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

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021, 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% 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, 2023, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	2% at 60	2% at 62
Benefit formula	5 Years of Service	5 Years of Service
Benefit vesting schedule	Monthly for Life	Monthly for Life
Benefit payments	60	62
Retirement age	2.0% - 2.4%	2.0% - 2.4%
Monthly benefits as a percentage of eligible compensation	10.25%	10.205%
Required employee contribution rate	19.10%	19.10%
Required employer contribution rate	10.828%	10.828%
Required State contribution rate		

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% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the District's total contributions were \$67,884,398.

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

At June 30, 2023, 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	\$ 385,719,928
State's proportionate share of the net pension liability associated with the District	<u>193,167,032</u>
Total	<u><u>\$ 578,886,960</u></u>

The net pension liability was measured as of June 30, 2022. 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, 2022 and June 30, 2021 respectively, was 0.5551% and 0.5462%, resulting in a net increase in the proportionate share of 0.0089%.

For the year ended June 30, 2023, the District recognized pension expense of \$35,918,597. In addition, the District recognized pension expense and revenue of \$15,578,794 for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 67,884,398	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	13,377,337	7,390,824
Differences between projected and actual earnings on pension plan investments	-	18,862,451
Differences between expected and actual experience in the measurement of the total pension liability	316,410	28,920,946
Changes of assumptions	<u>19,128,902</u>	<u>-</u>
Total	<u><u>\$ 100,707,047</u></u>	<u><u>\$ 55,174,221</u></u>

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

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2024	\$ (13,855,871)
2025	(15,010,489)
2026	(22,548,808)
2027	<u>32,552,717</u>
Total	<u>\$ (18,862,451)</u>

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2024	\$ 13,952,267
2025	(3,181,838)
2026	(2,869,742)
2027	(5,502,365)
2028	(4,583,374)
Thereafter	<u>(1,304,069)</u>
Total	<u>\$ (3,489,121)</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2020) 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 as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent 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, 2022, are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. 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 of 7.10% and assume 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:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.10%)	\$ 655,095,499
Current discount rate (7.10%)	385,719,928
1% increase (8.10%)	162,057,214

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, 2021 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, 2023, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	25.370%	25.370%

The CalPERS Safety Risk Pool provisions and benefits in effect at June 30, 2023, are summarized as follows:

	Safety Risk Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	3% at 55	2.7% at 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	57
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	9.00%	16.50%
Required employer contribution rate	30.76%	16.31%

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 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, 2023, are presented above and the total District contributions for CalPERS and CalPERS Safety Risk Pool were \$28,854,410 and \$580,762, respectively.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS and CalPERS Safety Risk Pool net pension liabilities totaling \$232,758,638 and \$4,997,080, respectively. The net pension liability was measured as of June 30, 2022. 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, 2022 and June 30, 2021, respectively was 0.6764% and 0.7172%, resulting in a net decrease in the proportionate share of 0.0408% for CalPERS. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively was 0.0727% and 0.0314%, resulting in a net increase in the proportionate share of 0.0413% for CalPERS Safety Risk Pool.

For the year ended June 30, 2023, the District recognized pension expense of \$27,724,566 for CalPERS and \$1,421,775 for CalPERS Safety Risk Pool. At June 30, 2023, 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	\$ 28,854,410	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,831,656	8,568,654
Differences between projected and actual earnings on pension plan investments	27,482,465	-
Differences between expected and actual experience in the measurement of the total pension liability	1,051,933	5,791,333
Changes of assumptions	17,218,161	-
Total	\$ 76,438,625	\$ 14,359,987
	CalPERS Safety Risk Pool	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 580,762	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,260,833	-
Differences between projected and actual earnings on pension plan investments	789,109	-
Differences between expected and actual experience in the measurement of the total pension liability	206,811	54,264
Changes of assumptions	503,857	-
Total	\$ 3,341,372	\$ 54,264

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2024	\$ 4,583,201
2025	4,064,983
2026	2,076,442
2027	<u>16,757,839</u>
Total	<u>\$ 27,482,465</u>

<u>Year Ended June 30,</u>	<u>CalPERS Safety Risk Pool Deferred Outflows/(Inflows) of Resources</u>
2024	\$ 128,270
2025	116,118
2026	63,356
2027	<u>481,365</u>
Total	<u>\$ 789,109</u>

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2024	\$ 2,687,314
2025	2,390,144
2026	1,096,690
2027	<u>(432,385)</u>
Total	<u>\$ 5,741,763</u>

<u>Year Ended June 30,</u>	<u>CalPERS Safety Risk Pool Deferred Outflows/(Inflows) of Resources</u>
2024	\$ 859,223
2025	709,934
2026	<u>348,080</u>
Total	<u>\$ 1,917,237</u>

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. 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 - cap-weighted	30%	4.45%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	(5%)	(0.59%)

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. 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 expected rate of return on the School Employer Pool investments 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:

<u>Discount Rate</u>	<u>CalPERS Net Pension Liability</u>
1% decrease (5.90%)	\$ 336,231,638
Current discount rate (6.90%)	232,758,638
1% increase (7.90%)	147,242,006

<u>Discount Rate</u>	<u>CalPERS Safety Risk Pool Net Pension Liability</u>
1% decrease (5.90%)	\$ 7,816,664
Current discount rate (6.90%)	4,997,080
1% increase (7.90%)	2,692,707

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$30,988,018 (10.828% of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Public Agency Retirement System

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

During the year, the District's required and actual contributions amounted to \$117,114, which was one percent of its current-year covered payroll. Employee contributions amounted to \$760,531.

Note 15 - 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, 2023.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2023.

Construction Commitments

As of June 30, 2023, the District had the following commitments with respect to the unfinished capital projects:

Capital Projects	Remaining Construction Commitments	Expected Date of Completion
Air Handling Unit Replacement - Cajon, Emmerton, Kimbark, Northpark, Oehl, Riley, SBHS, Serrano, Shandin Hills	\$ 12,951,832	9/30/2024
Athletic Complex Ph. 3 - SBHS	67,734	6/30/2024
Athletic Complex Ph. 3 - Cajon HS	88,787	12/31/2024
Athletic Complex Upgrade-AVHS	605,187	6/30/2024
AVHS & Serrano - Fencing	51,905	6/30/2024
AVHS Bleacher Replacment	196,500	12/31/2024
Belvedere ES - Mod 2	1,943	6/30/2025
BOE - Remodel Dining Room	2,600	6/30/2024
Bradley ES - Mod 2	155,131	6/30/2025
Cajon HS - Growth Project	91,171	6/30/2025
Cajon HS - Sports Lighting	923,862	6/30/2026
CAPS - Alessandro, Hillside, Holcomb, Salinas	356,172	6/30/2024
CAPS Indoor Learning Spaces - Musocy & Del Rosa	129,718	Undetermined
CAPS Indoor Learning Spaces - N. Verdemont	114,154	12/31/2026
CAPS Outdoor Learning Spaces - Cypress	9,527	Undetermined
CAPS Outdoor Learning Spaces - Muscoy & Del Rosa	140,815	12/31/2023
CAPS Riley Urban Soccer Field	24,503	12/31/2026
Cardinal Child Care - SBHS	556,662	Undetermined
Carmack Site Entry Modifications	8,520	6/30/2024
Del Rosa ES - Mod 2	312,967	6/30/2024
Del Rosa ES Kinder Classroom	213,942	6/30/2024
District-Wide Transitional Kinder Expansion	75,520	6/30/2024
District-Wide Solar Project	218,699	6/30/2024
Hunt ES - Mod 2	71,618	8/30/2023
Indian Springs HS - Black Box Classroom	826,176	Undetermined
Indian Springs HS - CTE -Additional Work	374,951	6/30/2024
Late Start Lighting	49,060	6/30/2024
M&O - New Metal Building & Yard Improvements	306,750	6/30/2024
Nutrition Services - Freezer Repair	1,835,404	Undetermined
Office Remodel - 9th Street	186,310	6/30/2024
Paakumá K-8 Growth Project	3,533,822	Undetermined
Pacific HS - CTE - Biomed	323,854	6/30/2024
Pacific HS - Mod 2	889,216	6/30/2025
Pacific HS - Performing Arts Center - Bldg. T	370,662	6/30/2024
Pacific HS - Student Center	21,075	6/30/2025
Pacific HS C West	14,829	6/30/2025
Public Safety Buidling	524,874	6/30/2025
Rio Vista PA System	4,875	6/30/2025
Roof Replacement - ESSER (M&O Building)	3,265,825	7/30/2023

Construction Commitments (Continued)

Capital Projects	Remaining Construction Commitments	Expected Date of Completion
San Bernardino HS - Bldg.M Transformation	\$ 782,518	6/30/2024
San Bernardino HS Auditorium	16,422,827	10/31/2023
San Gorgonio HS - CTE - Hospitality & Tourism	9,565,918	6/30/2024
San Gorgonio HS Pool Replacement	9,637,570	6/30/2024
San Gorgonio Tennis Court Fencing Replacement	1,642,534	6/30/2024
Serrano MS - Mod 2	29,118	Undetermined
Shandin Hills MS - Mod 2	86,229	Undetermined
Shandin Hills Parking Improvements	880	Undetermined
Sierra HS - Mod 2	1,778	Undetermined
Sierra Wellness - Addition	320,151	6/30/2025
Warm Springs ES - Mod 2	317,804	6/30/2025
Welcoming Resource Center	1,663,166	6/30/2024
Pacific HS - Addition - New Admin	44,980	6/30/2023
Exterior Paint - Various Sites	589,747	6/30/2024
San Bernardino HS Sports Lighting	3,045,895	9/30/2023
San Gorgonio HS - Sports Lighting	1,674,380	6/30/2024
Cajon HS - Dental CTE	81,372	8/1/2024
	<u>\$ 75,804,019</u>	

Note 16 - Participation in Public Entity Risk Pools

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

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

During the year ended June 30, 2023, the District made payments of \$5,389,337, \$477,024, and \$301,386 to SCSRM, SCSEBA, and SELF, respectively, for the coverage noted above.

Note 17 - Subsequent Events

On September 13, 2023, the District issued \$53,350,000 of the San Bernardino City Unified School District, 2012 General Obligation Bonds, Series H and \$13,670,000 of the San Bernardino City Unified School District, 2012 General Obligation Bonds, Series I. The bonds were issued as current interest bonds. The bonds have a final maturity date of August 1, 2043, with interest yields of 4.0 to 6.5 percent. The Series H bonds issued at an aggregate price of \$57,069,271 (including a premium of \$3,719,271 and after payment of \$468,575 for issuance costs). The Series I bonds issued at an aggregate price of \$14,423,685 (including a premium of \$753,685 and after payment of \$118,528 for issuance costs). The Series H Bonds are being issued to finance the acquisition, construction, repair, furnishing and equipping of District sites and facilities, and pay the costs of issuing the Series H Bonds. The Series I Bonds are being issued to pay certain of the lease payments with respect to the District's outstanding Taxable Certificates of Participation, 2011 Series A (Direct Subsidy Qualified School Construction Bonds), and pay the costs of issuing the Series I Bonds.

Note 18 - Adoption of New Accounting Standard

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription information technology asset – an intangible asset – and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 96 as follows:

Governmental Activities	
Net Position - Beginning, as previously reported on June 30, 2022	\$ 344,784,452
Right-to-use subscription information technology assets, net of amortization	403,971
Subscription liabilities	<u>(403,971)</u>
Net Position - Beginning, as restated on July 1, 2022	<u><u>\$ 344,784,452</u></u>

San Bernardino City Unified School District
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2023

	Budgeted Amounts		Actual (GAAP Basis)	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 630,144,308	\$ 580,017,762	\$ 673,826,480	\$ 93,808,718
Federal sources	210,003,144	214,972,008	158,171,101	(56,800,907)
Other State sources	143,407,619	301,016,105	285,803,512	(15,212,593)
Other local sources	10,361,648	18,720,163	17,521,458	(1,198,705)
Total revenues ¹	<u>993,916,719</u>	<u>1,114,726,038</u>	<u>1,135,322,551</u>	<u>20,596,513</u>
Expenditures				
Current				
Certificated salaries	361,244,081	401,443,722	368,025,959	33,417,763
Classified salaries	110,545,827	113,719,645	105,114,596	8,605,049
Employee benefits	247,746,107	257,859,317	225,715,659	32,143,658
Books and supplies	95,751,147	125,920,355	74,010,365	51,909,990
Services and operating expenditures	165,376,446	202,017,313	164,471,966	37,545,347
Other outgo	(760,825)	(1,020,005)	166,124	(1,186,129)
Capital outlay	54,611,944	127,608,999	57,053,122	70,555,877
Debt service - principal	1,000,000	1,000,000	1,374,178	(374,178)
Debt service - interest	2,888,750	7,622,826	2,907,659	4,715,167
Total expenditures ¹	<u>1,038,403,477</u>	<u>1,236,172,172</u>	<u>998,839,628</u>	<u>237,332,544</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(44,486,758)</u>	<u>(121,446,134)</u>	<u>136,482,923</u>	<u>257,929,057</u>
Other Financing Sources (Uses)				
Other sources - proceeds from SBITAs	-	-	1,174,427	1,174,427
Transfers out	-	-	(18,000,000)	(18,000,000)
Net Financing Uses	<u>-</u>	<u>-</u>	<u>(16,825,573)</u>	<u>(16,825,573)</u>
Net Change in Fund Balance	(44,486,758)	(121,446,134)	119,657,350	241,103,484
Fund Balance - Beginning, as restated	<u>194,198,217</u>	<u>194,198,217</u>	<u>194,198,217</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 149,711,459</u>	<u>\$ 72,752,083</u>	<u>\$ 313,855,567</u>	<u>\$ 241,103,484</u>

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

San Bernardino City Unified School District
Schedule of Changes in the District's Net OPEB Liability and Related Ratios
Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB Liability			
Service cost	\$ 8,247,162	\$ 11,194,410	\$ 8,528,220
Interest	3,042,721	2,723,470	3,603,322
Difference between expected and actual experience	-	(3,670,630)	123,469
Changes of assumptions	(16,437,311)	10,788,965	11,109,806
Benefit payments	<u>(3,731,520)</u>	<u>(3,833,186)</u>	<u>(3,755,033)</u>
Net change in total OPEB liability	(8,878,948)	17,203,029	19,609,784
Total OPEB liability - beginning	<u>137,316,530</u>	<u>120,113,501</u>	<u>100,503,717</u>
Total OPEB liability - ending	<u>\$ 128,437,582</u>	<u>\$ 137,316,530</u>	<u>\$ 120,113,501</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 3,731,520	\$ 10,101,568	\$ 3,755,033
Net investment income	(6,926)	5,639	5,449
Investment gain/losses	(6,797)	16,476	(2,703)
Other	-	-	-
Benefit payments	(3,731,520)	(10,101,568)	(3,755,033)
Administrative expense	<u>(26)</u>	<u>(30)</u>	<u>(38)</u>
Net change in plan fiduciary net position	(13,749)	22,085	2,708
Plan fiduciary net position - beginning	<u>102,656</u>	<u>80,571</u>	<u>77,863</u>
Plan fiduciary net position - ending	<u>\$ 88,907</u>	<u>\$ 102,656</u>	<u>\$ 80,571</u>
District's net OPEB liability - ending	<u>\$ 128,348,675</u>	<u>\$ 137,213,874</u>	<u>\$ 120,032,930</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.07%</u>	<u>0.07%</u>	<u>0.07%</u>
Covered payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Net OPEB liability as a percentage of covered payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020

¹ The District's OPEB Plan is administered through a trust; however, the contributions to the trust are not made based on a measure of pay. Therefore, no measure of payroll is presented.

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

San Bernardino City Unified School District
Schedule of Changes in the District's Net OPEB Liability and Related Ratios
Year Ended June 30, 2023

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 7,283,362	\$ 7,088,430	\$ 6,898,715
Interest	3,420,481	3,229,893	2,744,804
Difference between expected and actual experience	3,159,537	-	-
Changes of assumptions	2,018,514	(1,989,663)	-
Benefit payments	<u>(3,498,325)</u>	<u>(3,322,945)</u>	<u>(3,195,139)</u>
Net change in total OPEB liability	12,383,569	5,005,715	6,448,380
Total OPEB liability - beginning	<u>88,120,148</u>	<u>83,114,433</u>	<u>76,666,053</u>
Total OPEB liability - ending	<u>\$ 100,503,717</u>	<u>\$ 88,120,148</u>	<u>\$ 83,114,433</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 3,498,325	\$ 3,322,945	\$ 3,195,139
Net investment income	2,787	2,578	6,515
Investment gain/losses	1,733	2,830	-
Other	-	177	-
Benefit payments	(3,498,325)	(3,322,945)	(3,195,139)
Administrative expense	<u>(16)</u>	<u>(126)</u>	<u>(54)</u>
Net change in plan fiduciary net position	4,504	5,459	6,461
Plan fiduciary net position - beginning	<u>73,359</u>	<u>67,900</u>	<u>61,439</u>
Plan fiduciary net position - ending	<u>\$ 77,863</u>	<u>\$ 73,359</u>	<u>\$ 67,900</u>
District's net OPEB liability - ending	<u>\$ 100,425,854</u>	<u>\$ 88,046,789</u>	<u>\$ 83,046,533</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.08%</u>	<u>0.08%</u>	<u>0.08%</u>
Covered payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Net OPEB liability as a percentage of covered payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

¹ The District's OPEB Plan is administered through a trust; however, the contributions to the trust are not made based on a measure of pay. Therefore, no measure of payroll is presented.

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

San Bernardino City Unified School District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Year ended June 30,			
Proportion of the net OPEB liability	<u>0.8331%</u>	<u>0.8210%</u>	<u>0.8228%</u>
Proportionate share of the net OPEB liability	<u>\$ 2,744,320</u>	<u>\$ 3,274,771</u>	<u>\$ 4,009,174</u>
Covered payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>(0.94%)</u>	<u>(0.80%)</u>	<u>(0.71%)</u>
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Year ended June 30,			
Proportion of the net OPEB liability	<u>0.9703%</u>	<u>0.9217%</u>	<u>0.9334%</u>
Proportionate share of the net OPEB liability	<u>\$ 3,613,190</u>	<u>\$ 3,528,155</u>	<u>\$ 3,927,024</u>
Covered payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>(0.81%)</u>	<u>(0.40%)</u>	<u>0.01%</u>
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

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

San Bernardino City Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability - CalSTRS
Year Ended June 30, 2023

CalSTRS	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.5551%	0.5462%	0.5429%	0.5485%	0.5135%
Proportionate share of the net pension liability	\$ 385,719,928	\$ 248,563,870	\$ 526,152,294	\$ 495,357,132	\$ 471,976,343
State's proportionate share of the net pension liability	193,167,032	125,067,699	271,231,570	270,250,386	270,228,530
Total	<u>\$ 578,886,960</u>	<u>\$ 373,631,569</u>	<u>\$ 797,383,864</u>	<u>\$ 765,607,518</u>	<u>\$ 742,204,873</u>
Covered payroll	<u>\$ 322,352,429</u>	<u>\$ 302,909,356</u>	<u>\$ 298,400,292</u>	<u>\$ 294,509,146</u>	<u>\$ 261,948,385</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	119.66%	82.06%	176.32%	168.20%	180.18%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
		2018	2017	2016	2015
Proportion of the net pension liability		0.5156%	0.5069%	0.5067%	0.4545%
Proportionate share of the net pension liability		\$ 476,814,851	\$ 409,953,840	\$ 341,161,128	\$ 265,575,937
State's proportionate share of the net pension liability		282,079,638	233,379,408	180,436,628	160,366,217
Total		<u>\$ 758,894,489</u>	<u>\$ 643,333,248</u>	<u>\$ 521,597,756</u>	<u>\$ 425,942,154</u>
Covered payroll		<u>\$ 271,078,657</u>	<u>\$ 256,558,229</u>	<u>\$ 235,204,155</u>	<u>\$ 224,057,629</u>
Proportionate share of the net pension liability as a percentage of its covered payroll		175.90%	159.79%	145.05%	118.53%
Plan fiduciary net position as a percentage of the total pension liability		69%	70%	74%	77%
Measurement Date		June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

San Bernardino City Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability - CalPERS
Year Ended June 30, 2023

CalPERS	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.6764%	0.7172%	0.7080%	0.6943%	0.6941%
Proportionate share of the net pension liability	\$ 232,758,638	\$ 145,840,074	\$ 217,241,037	\$ 202,349,338	\$ 185,064,897
Covered payroll	\$ 107,551,794	\$ 107,557,275	\$ 102,438,761	\$ 97,102,757	\$ 93,009,607
Proportionate share of the net pension liability as a percentage of its covered payroll	216.42%	135.59%	212.07%	208.39%	198.97%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	71%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
		2018	2017	2016	2015
Proportion of the net pension liability		0.6748%	0.6771%	0.6606%	0.7166%
Proportionate share of the net pension liability		\$ 161,091,171	\$ 133,720,804	\$ 97,352,351	\$ 81,354,671
Covered payroll		\$ 87,645,191	\$ 81,804,735	\$ 79,747,749	\$ 69,703,855
Proportionate share of the net pension liability as a percentage of its covered payroll		183.80%	163.46%	122.08%	116.71%
Plan fiduciary net position as a percentage of the total pension liability		72%	74%	79%	83%
Measurement Date		June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

San Bernardino City Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability – CalPERS Safety Risk Pool
Year Ended June 30, 2023

CalPERS Safety Risk Pool	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Proportion of the net pension liability	0.0727%	0.0314%	0.0561%	0.0576%	0.0592%
Proportionate share of the net pension liability	\$ 4,997,080	\$ 1,101,409	\$ 3,868,656	\$ 3,595,769	\$ 3,475,844
Covered payroll	\$ 2,478,766	\$ 2,331,095	\$ 2,264,069	\$ 2,053,305	\$ 2,074,975
Proportionate share of the net pension liability as a percentage of its covered payroll	201.60%	47.25%	170.87%	175.12%	167.51%
Plan fiduciary net position as a percentage of the total pension liability	77%	88%	70%	71%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
		<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability		0.0628%	0.0657%	0.0713%	0.0473%
Proportionate share of the net pension liability		\$ 3,751,888	\$ 3,402,716	\$ 2,937,502	\$ 2,941,679
Covered payroll		\$ 1,853,036	\$ 1,545,625	\$ 1,192,863	\$ 1,158,119
Proportionate share of the net pension liability as a percentage of its covered payroll		202.47%	220.15%	246.26%	254.00%
Plan fiduciary net position as a percentage of the total pension liability		72%	74%	78%	79%
Measurement Date		June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

San Bernardino City Unified School District
Schedule of the District's Contributions - CalSTRS
Year Ended June 30, 2023

CalSTRS	2023	2022	2021	2020	2019
Contractually required contribution	\$ 67,884,398	\$ 54,542,031	\$ 48,919,861	\$ 51,026,450	\$ 47,946,089
Less contributions in relation to the contractually required contribution	<u>67,884,398</u>	<u>54,542,031</u>	<u>48,919,861</u>	<u>51,026,450</u>	<u>47,946,089</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 355,415,696</u>	<u>\$ 322,352,429</u>	<u>\$ 302,909,356</u>	<u>\$ 298,400,292</u>	<u>\$ 294,509,146</u>
Contributions as a percentage of covered payroll	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>
		2018	2017	2016	2015
Contractually required contribution		\$ 37,799,152	\$ 34,101,695	\$ 27,528,698	\$ 20,886,129
Less contributions in relation to the contractually required contribution		<u>37,799,152</u>	<u>34,101,695</u>	<u>27,528,698</u>	<u>20,886,129</u>
Contribution deficiency (excess)		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll		<u>\$ 261,948,385</u>	<u>\$ 271,078,657</u>	<u>\$ 256,558,229</u>	<u>\$ 235,204,155</u>
Contributions as a percentage of covered payroll		<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>

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

San Bernardino City Unified School District
Schedule of the District's Contributions - CalPERS
Year Ended June 30, 2023

CalPERS	2023	2022	2021	2020	2019
Contractually required contribution	\$ 28,854,410	\$ 24,640,116	\$ 22,264,356	\$ 20,201,948	\$ 17,538,700
Less contributions in relation to the contractually required contribution	<u>28,854,410</u>	<u>24,640,116</u>	<u>22,264,356</u>	<u>20,201,948</u>	<u>17,538,700</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 113,734,371</u>	<u>\$ 107,551,794</u>	<u>\$ 107,557,275</u>	<u>\$ 102,438,761</u>	<u>\$ 97,102,757</u>
Contributions as a percentage of covered payroll	<u>25.370%</u>	<u>22.910%</u>	<u>20.700%</u>	<u>19.721%</u>	<u>18.062%</u>
		2018	2017	2016	2015
Contractually required contribution		\$ 14,445,322	\$ 12,173,917	\$ 9,691,407	\$ 9,386,310
Less contributions in relation to the contractually required contribution		<u>14,445,322</u>	<u>12,173,917</u>	<u>9,691,407</u>	<u>9,386,310</u>
Contribution deficiency (excess)		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll		<u>\$ 93,009,607</u>	<u>\$ 87,645,191</u>	<u>\$ 81,804,735</u>	<u>\$ 79,747,749</u>
Contributions as a percentage of covered payroll		<u>15.531%</u>	<u>13.890%</u>	<u>11.847%</u>	<u>11.770%</u>

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

San Bernardino City Unified School District
Schedule of the District's Contributions – CalPERS Safety Risk Pool
Year Ended June 30, 2023

CalPERS Safety Risk Pool	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 580,762	\$ 609,417	\$ 862,279	\$ 559,264	\$ 499,559
Less contributions in relation to the contractually required contribution	<u>580,762</u>	<u>609,417</u>	<u>862,279</u>	<u>559,264</u>	<u>499,559</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 2,097,494</u>	<u>\$ 2,478,766</u>	<u>\$ 2,331,095</u>	<u>\$ 2,264,069</u>	<u>\$ 2,053,305</u>
Contributions as a percentage of covered payroll	<u>27.688%</u>	<u>24.585%</u>	<u>36.990%</u>	<u>24.702%</u>	<u>24.330%</u>
		<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution		\$ 703,070	\$ 790,628	\$ 934,869	\$ 729,241
Less contributions in relation to the contractually required contribution		<u>703,070</u>	<u>790,628</u>	<u>934,869</u>	<u>729,241</u>
Contribution deficiency (excess)		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll		<u>\$ 2,074,975</u>	<u>\$ 1,853,036</u>	<u>\$ 1,545,625</u>	<u>\$ 1,192,863</u>
Contributions as a percentage of covered payroll		<u>33.883%</u>	<u>42.667%</u>	<u>60.485%</u>	<u>61.134%</u>

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

This schedule present 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 2.18% in 2021 to 3.55% in 2022 and a change in the inflation assumption from 2.75% in 2021 to 2.50% in 2022.

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 2.16% to 3.54% since the previous valuation.

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

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

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* – There were no changes in economic assumptions for the CalSTRS plan from the previous valuations. The CalPERS plan rate of investment return assumption was changed from 7.15% to 6.90% since the previous valuation.

Schedule of the District's 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.

San Bernardino City Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. Department of Education Indian Education	84.060A	[1]	\$ 83,597
Passed through California Department of Education (CDE)			
Adult Education - Basic Grants to States ELA	84.002A	14508	552,851
Adult Education - Basic Grants to States Secondary	84.002	13978	<u>325,234</u>
Subtotal			<u>878,085</u>
Title I Grant to Local Educational Agencies - Low Income and Neglected	84.010	14329	26,921,166
Title I Grant to Local Educational Agencies - School Improvement Funding	84.010	15438	<u>976,131</u>
Subtotal			<u>27,897,297</u>
English Language Acquisition State Grants - Immigrant Student Program	84.365	15146	76,865
English Language Acquisition State Grants - English Learner Student Program	84.365	14346	<u>958,730</u>
Subtotal			<u>1,035,595</u>
Twenty-First Century Community Learning Centers - High School ASSETs	84.287	14535	509,000
Twenty-First Century Community Learning Centers	84.287	14349	<u>484,709</u>
Subtotal			<u>993,709</u>
Special Education (IDEA) Cluster			
COVID-19: American Rescue Plan (ARP) IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027	15638	2,198,658
Special Education Grants to States - Basic Local Assistance	84.027	13379	10,709,948
Special Education Grants to States - Mental Health Alternate Dispute Resolution, Part B, Sec 611	84.027A	15197	570,278
	84.027A	13007	<u>18,382</u>
Subtotal			<u>13,497,266</u>
COVID-19: ARP IDEA Part B, Sec. 619, Preschool Grants	84.173	15639	188,413
Special Education Preschool Grants	84.173	13430	170,441
Special Education Preschool Grants - Preschool Staff Development	84.173A	13431	<u>1,000</u>
Subtotal			<u>359,854</u>
Subtotal Special Education (IDEA) Cluster			<u>13,857,120</u>
Special Education - Grants for Infants and Families	84.181	23761	59,697
Career and Technical Education - Basic Grants to States	84.048	14894	716,556
Student Support and Academic Enrichment Program	84.424	15396	1,674,606
Supporting Effective Instruction State Grants	84.367	14341	2,362,971
McKinney-Vento Homeless Assistance Grants	84.196	14332	231,069

[1] Direct award

San Bernardino City Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Program Expenditures
Passed through California Department of Rehabilitation			
Workability II, Transition Partnership	84.126A	10006	\$ 319,510
Vocational Rehabilitation Services Program	84.126A	31077	<u>52,157</u>
Subtotal			<u>371,667</u>
Education Stabilization Fund			
COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	3,911
COVID-19: Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	64,217,520
COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D	15618	1,103,697
COVID-19: Governor's Emergency Education Relief Fund: Learning Loss Mitigation	84.425C	15517	4,026
COVID-19: Expanded Learning Opportunities (ELO) Grant: GEER II	84.425C	15619	1,425,417
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	28,048,517
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	8,477,507
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund: State Reserve, Emergency Needs	84.425U	15620	44,409
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund: ASES Rate Increase	84.425U	15649	3,234,939
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund: CCLC Rate Increase	84.425U	15651	1,542,028
COVID-19: ARP Homeless Children and Youth Program I	84.425W	15564	157,629
COVID-19: ARP Homeless Children and Youth Program II	84.425W	15566	<u>310,799</u>
Subtotal			<u>108,570,399</u>
Total U.S. Department of Education			<u>158,732,368</u>
U. S. Department of Health and Human Services			
Passed through CDE			
Child Care and Development Fund (CCDF) Cluster			
Child Care and Development Block Grant	93.575	15136	169,177
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	13609	<u>704,609</u>
Subtotal CCDF Cluster			<u>873,786</u>
Total U.S. Department of Health and Human Services			<u>873,786</u>

San Bernardino City Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. Department of Agriculture			
Passed through CDE			
Child Nutrition Cluster			
National School Lunch Program - Section 4	10.555	13523	\$ 4,620,066
National School Lunch Program - Section 11	10.555	13524	18,905,175
After School Meal Supplements	10.555	13755	372,214
Commodities	10.555	13524	<u>1,621,158</u>
Subtotal			<u>25,518,613</u>
Basic School Breakfast	10.553	13525	108
School Breakfast Program - Especially Needy	10.553	13526	<u>4,846,090</u>
Subtotal			<u>4,846,198</u>
Subtotal Child Nutrition Cluster			<u>30,364,811</u>
NSLP Equipment Assistance Grants	10.579	14906	6,024
Passed Through California Department of Social Services			
Child & Adult Care Food Program	10.558	13529	1,659,606
Child & Adult Care Food Program - Cash in Lieu of Commodities	10.558	13534	<u>123,544</u>
Subtotal			<u>1,783,150</u>
Total U.S. Department of Agriculture			<u>32,153,985</u>
U.S. Department of Defense			
Junior Reserve Office Training Corps	12.000	[1]	<u>110,928</u>
Total U.S. Department of Defense			<u>110,928</u>
U.S. Department of Justice			
Body Worn Camera Program	16.835	2020-BC-BX-0037	58,308
STOP School Violence - Safety Threat and Assessment	16.839	2020-YS-BX-0044	<u>147,581</u>
Total U.S. Department of Justice			<u>205,889</u>
Total Federal Financial Assistance			<u>\$ 192,076,956</u>

[1] Direct award

ORGANIZATION

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

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Dr. Scott Wyatt	President	2024
Danny Tillman	Vice President	2026
Mary Ellen A. Grande	Member	2026
Felicia Alexander	Member	2024
Mayra Ceballos	Member	2024
Mikki Cichocki	Member	2024
Abigail Rosales-Medina	Member	2026

ADMINISTRATION

Mauricio Arellano	Superintendent
Vacant	Deputy Superintendent
Terry Comnick	Associate Superintendent, Business, Facilities, and Operations
Vacant	Assistant Superintendent, Equity, Access, and Innovation
Marcus Funchess, Ed.D.	Assistant Superintendent, Human Resources
Sandra Rodriguez, Ed.D.	Assistant Superintendent, Student Services
Ana Applegate	Assistant Superintendent, Education Services

San Bernardino City Unified School District

Schedule of Average Daily Attendance

Year Ended June 30, 2023

	Final Report	
	Second Period Report 470A0164	Annual Report A8E9E295
Regular ADA		
Transitional kindergarten through third	13,205.66	13,267.32
Fourth through sixth	10,035.91	10,043.75
Seventh and eighth	6,254.05	6,224.50
Ninth through twelfth	11,745.43	11,582.40
Total Regular ADA	41,241.05	41,117.97
Extended Year Special Education		
Transitional kindergarten through third	-	12.26
Fourth through sixth	-	5.09
Seventh and eighth	-	3.74
Ninth through twelfth	-	14.32
Total Extended Year Special Education	-	35.41
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	5.32	5.43
Fourth through sixth	7.74	7.56
Seventh and eighth	7.12	6.93
Ninth through twelfth	24.85	24.65
Total Special Education, Nonpublic, Nonsectarian Schools	45.03	44.57
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.19	0.19
Fourth through sixth	0.17	0.17
Seventh and eighth	0.82	0.82
Ninth through twelfth	1.34	1.34
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	2.52	2.52
Total ADA	41,288.60	41,200.47

San Bernardino City Unified School District
 Schedule of Instructional Time
 Year Ended June 30, 2023

All Sites Except Cajon High School

Grade Level	1986-1987 Minutes Requirement	2022-2023 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36,000	36,000	-	36,000	180	-	180	N/A	N/A	N/A	Complied
Grades 1 - 3	50,400										
Grade 1		54,550	-	54,550	180	-	180	N/A	N/A	N/A	Complied
Grade 2		54,550	-	54,550	180	-	180	N/A	N/A	N/A	Complied
Grade 3		54,550	-	54,550	180	-	180	N/A	N/A	N/A	Complied
Grades 4 - 8	54,000										
Grade 4		54,550	-	54,550	180	-	180	N/A	N/A	N/A	Complied
Grade 5		54,550	-	54,550	180	-	180	N/A	N/A	N/A	Complied
Grade 6		54,675	-	54,675	180	-	180	N/A	N/A	N/A	Complied
Grade 7		61,325	-	61,325	180	-	180	N/A	N/A	N/A	Complied
Grade 8		61,325	-	61,325	180	-	180	N/A	N/A	N/A	Complied
Grades 9 - 12	64,800										
Grade 9		65,106	-	65,106	180	-	180	N/A	N/A	N/A	Complied
Grade 10		65,106	-	65,106	180	-	180	N/A	N/A	N/A	Complied
Grade 11		65,106	-	65,106	180	-	180	N/A	N/A	N/A	Complied
Grade 12		65,106	-	65,106	180	-	180	N/A	N/A	N/A	Complied

Cajon High School

Grade Level	1986-1987 Minutes Requirement	2022-2023 Actual Minutes	Number of Minutes Credited Form J-13A*	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A*	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Grades 9 - 12	64,800										
Grade 9		64,716	390	65,106	179	1	180	N/A	N/A	N/A	Complied
Grade 10		64,716	390	65,106	179	1	180	N/A	N/A	N/A	Complied
Grade 11		64,716	390	65,106	179	1	180	N/A	N/A	N/A	Complied
Grade 12		64,716	390	65,106	179	1	180	N/A	N/A	N/A	Complied

* The District received an approved J-13A for 390 minutes and one day for Cajon High School.

San Bernardino City Unified School District
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2023

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

	<u>General Fund</u>
Net Position	
Balance, June 30, 2023, Unaudited Actuals with GASB 54 and GASB 84 Consolidation	\$ 315,184,812
Decrease in Prepaid expenditures	<u>(1,329,245)</u>
Balance, June 30, 2023, Audited Financial Statement	<u><u>\$ 313,855,567</u></u>

San Bernardino City Unified School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2023

	(Budget) 2024 ¹	2023	2022 ¹	2021 ¹
General Fund ³				
Revenues	\$ 1,093,861,188	\$ 1,102,656,202	\$ 892,091,852	\$ 823,096,103
Other sources	-	1,174,427	731,001	-
Total revenues and other sources	<u>1,093,861,188</u>	<u>1,103,830,629</u>	<u>892,822,853</u>	<u>823,096,103</u>
Expenditures	(1,152,722,860)	(975,463,131)	(818,453,701)	(756,230,141)
Other uses	-	(18,000,000)	(265)	(239,841)
Total expenditures and other uses	<u>(1,152,722,860)</u>	<u>(993,463,131)</u>	<u>(818,453,966)</u>	<u>(756,469,982)</u>
Increase (Decrease) in Fund Balance	<u>\$ (58,861,672)</u>	<u>\$ 110,367,498</u>	<u>\$ 74,368,887</u>	<u>\$ 66,626,121</u>
Ending Fund Balance	<u>\$ 244,055,851</u>	<u>\$ 302,917,523</u>	<u>\$ 192,550,025</u>	<u>\$ 118,181,138</u>
Available Reserves ²	<u>\$ 50,264,136</u>	<u>\$ 19,900,000</u>	<u>\$ 16,400,000</u>	<u>\$ 15,200,000</u>
Available Reserves as a Percentage of Total Outgo	<u>4.4%</u>	<u>2.00%</u>	<u>2.0%</u>	<u>2.0%</u>
Long-Term Liabilities	<u>N/A</u>	<u>\$ 1,188,503,789</u>	<u>\$ 987,828,426</u>	<u>\$ 1,352,805,441</u>
K-12 Average Daily Attendance at P-2	<u>41,409</u>	<u>41,289</u>	<u>39,754</u>	<u>45,871</u>

The General Fund balance has increased by \$184,736,385 over the past two years. The fiscal year 2023-2024 budget projects a decrease of \$58,861,672 (19.4%). For a district this size, the State recommends available reserves of at least two percent of total General Fund expenditures and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years but anticipates incurring an operating deficit during the 2023-2024 fiscal year. Total long-term liabilities have decreased by \$164,301,652 over the past two years.

Average daily attendance has decreased by 4,582 over the past two years. However, an increase of 120 ADA is anticipated during fiscal year 2023-2024.

¹ Financial information for 2024, 2022, and 2021 are 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, and Fund 73, Foundation Private-Purpose Trust Fund, as required by GASB 54 and GASB 84, respectively.

San Bernardino City Unified School District

Schedule of Charter Schools

Year Ended June 30, 2023

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

San Bernardino City Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2023

	Student Activity Fund	Adult Education Fund	Child Development Fund	Capital Facilities Fund	County School Facilities Fund
Assets					
Deposits and investments	\$ 2,041,609	\$ 2,445,859	\$ 5,381,983	\$ 9,432,258	\$ 26,653,499
Receivables	9,602	838,054	496,761	165,265	208,002
Due from other funds	-	1,736	159,874	-	705,856
Stores inventories	139,934	-	-	-	-
Lease receivable	-	-	-	-	-
Total assets	<u>\$ 2,191,145</u>	<u>\$ 3,285,649</u>	<u>\$ 6,038,618</u>	<u>\$ 9,597,523</u>	<u>\$ 27,567,357</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 2,237	\$ 602,990	\$ 1,675,861	\$ 216,790	\$ 317,476
Due to other funds	-	172,830	627,649	-	-
Unearned revenue	-	357,469	585,375	-	-
Total liabilities	<u>2,237</u>	<u>1,133,289</u>	<u>2,888,885</u>	<u>216,790</u>	<u>317,476</u>
Deferred Inflows of Resources					
Deferred inflows of resources related to leases	-	-	-	-	-
Fund Balances					
Nonspendable	141,384	-	-	-	-
Restricted	2,047,524	2,124,681	3,149,733	9,380,733	27,249,881
Assigned	-	27,679	-	-	-
Total fund balances	<u>2,188,908</u>	<u>2,152,360</u>	<u>3,149,733</u>	<u>9,380,733</u>	<u>27,249,881</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,191,145</u>	<u>\$ 3,285,649</u>	<u>\$ 6,038,618</u>	<u>\$ 9,597,523</u>	<u>\$ 27,567,357</u>

San Bernardino City Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2023

	Special Reserve Fund for Capital Outlay Projects	Capital Project Fund for Blended Component Units	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets				
Deposits and investments	\$ 13,246,440	\$ 5,817,045	\$ 27,873,837	\$ 92,892,530
Receivables	442,456	-	-	2,160,140
Due from other funds	18,000,000	-	-	18,867,466
Stores inventories	-	-	-	139,934
Lease receivable	307,964	-	-	307,964
Total assets	\$ 31,996,860	\$ 5,817,045	\$ 27,873,837	\$ 114,368,034
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 638,720	\$ -	\$ -	\$ 3,454,074
Due to other funds	659	-	-	801,138
Unearned revenue	-	-	-	942,844
Total liabilities	639,379	-	-	5,198,056
Deferred Inflows of Resources				
Deferred inflows of resources related to leases	307,964	-	-	307,964
Fund Balances				
Nonspendable	-	-	-	141,384
Restricted	-	5,817,045	27,873,837	77,643,434
Assigned	31,049,517	-	-	31,077,196
Total fund balances	31,049,517	5,817,045	27,873,837	108,862,014
Total liabilities, deferred inflows of resources, and fund balances	\$ 31,996,860	\$ 5,817,045	\$ 27,873,837	\$ 114,368,034

San Bernardino City Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2023

	Student Activity Fund	Adult Education Fund	Child Development Fund	Capital Facilities Fund	County School Facilities Fund
Revenues					
Federal sources	\$ -	\$ 878,085	\$ 873,786	\$ -	\$ -
Other State sources	-	400,541	16,686,597	-	3,225,427
Other local sources	3,284,584	6,592,570	227,362	2,368,796	562,566
Total revenues	<u>3,284,584</u>	<u>7,871,196</u>	<u>17,787,745</u>	<u>2,368,796</u>	<u>3,787,993</u>
Expenditures					
Current					
Instruction	-	4,188,539	574,290	-	-
Instruction-related activities					
Supervision of instruction	-	39	489,720	-	-
School site administration	-	2,717,083	283,398	-	-
Pupil services					
All other pupil services	-	305,557	160,625	-	-
Administration					
All other administration	-	276,241	668,747	-	-
Plant services	-	807,213	310,448	-	-
Ancillary services	3,233,144	-	-	-	-
Community services	-	-	15,227,674	-	-
Facility acquisition and construction	-	-	-	2,681,327	1,050,861
Debt service					
Principal	-	-	-	-	-
Interest and other	-	-	-	-	-
Total expenditures	<u>3,233,144</u>	<u>8,294,672</u>	<u>17,714,902</u>	<u>2,681,327</u>	<u>1,050,861</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>51,440</u>	<u>(423,476)</u>	<u>72,843</u>	<u>(312,531)</u>	<u>2,737,132</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	43,967
Transfers out	-	-	-	-	(10,323,633)
Net Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,279,666)</u>
Net Change in Fund Balances	51,440	(423,476)	72,843	(312,531)	(7,542,534)
Fund Balances - Beginning	<u>2,137,468</u>	<u>2,575,836</u>	<u>3,076,890</u>	<u>9,693,264</u>	<u>34,792,415</u>
Fund Balances - Ending	<u>\$ 2,188,908</u>	<u>\$ 2,152,360</u>	<u>\$ 3,149,733</u>	<u>\$ 9,380,733</u>	<u>\$ 27,249,881</u>

San Bernardino City Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2023

	Special Reserve Fund for Capital Outlay Projects	Capital Project Fund for Blended Component Units	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues				
Federal sources	\$ -	\$ -	\$ -	\$ 1,751,871
Other State sources	-	-	125,073	20,437,638
Other local sources	1,912,358	969	22,785,152	37,734,357
Total revenues	<u>1,912,358</u>	<u>969</u>	<u>22,910,225</u>	<u>59,923,866</u>
Expenditures				
Current				
Instruction	-	-	-	4,762,829
Instruction-related activities				
Supervision of instruction	-	-	-	489,759
School site administration	-	-	-	3,000,481
Pupil services				
All other pupil services	-	-	-	466,182
Administration				
All other administration	-	-	-	944,988
Plant services	-	-	-	1,117,661
Ancillary services	-	-	-	3,233,144
Community services	-	-	-	15,227,674
Facility acquisition and construction	979,729	24,559,807	-	29,271,724
Debt service				
Principal	-	-	15,090,000	15,090,000
Interest and other	-	-	7,829,579	7,829,579
Total expenditures	<u>979,729</u>	<u>24,559,807</u>	<u>22,919,579</u>	<u>81,434,021</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>932,629</u>	<u>(24,558,838)</u>	<u>(9,354)</u>	<u>(21,510,155)</u>
Other Financing Sources (Uses)				
Transfers in	28,163,953	-	-	28,207,920
Transfers out	-	-	-	(10,323,633)
Net Financing Sources (Uses)	<u>28,163,953</u>	<u>-</u>	<u>-</u>	<u>17,884,287</u>
Net Change in Fund Balances	29,096,582	(24,558,838)	(9,354)	(3,625,868)
Fund Balances - Beginning	<u>1,952,935</u>	<u>30,375,883</u>	<u>27,883,191</u>	<u>112,487,882</u>
Fund Balances - Ending	<u>\$ 31,049,517</u>	<u>\$ 5,817,045</u>	<u>\$ 27,873,837</u>	<u>\$ 108,862,014</u>

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the San Bernardino City Unified School District (the District) under programs of the federal government for the year ended June 30, 2023. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, fund balance, or cash flows of the District.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal assistance was provided to a subrecipient.

Indirect Cost Rate

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

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2023, the District did not report any commodities as inventory.

SEFA Reconciliation

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amount consists of Qualified School Construction Bonds – Interest Subsidy funds which are not required to be reported on the Schedule of Expenditure of Federal Awards.

	<u>Federal Financial Assistance Listing Number</u>	<u>Amount</u>
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances and Statement of Revenues, Expenses and Changes in Net Position		\$ 193,331,235
Qualified School Construction Bonds - Interest Subsidy	[1]	<u>(1,254,279)</u>
Total federal financial assistance		<u>\$ 192,076,956</u>

[1]Federal financial assistance number applicable

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District has met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46207.

Districts must maintain their instructional minutes at the 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 Actuals Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis

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

Schedule of Charter Schools

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

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances

These schedules are 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.

San Bernardino City Unified School District
Student Activity Fund - District Wide - Combining Balance Sheets
June 30, 2023

	High Schools	Middle Schools	Unorganized ASB	Total
Assets				
Cash in banks				
Checking	\$ 1,162,692	\$ 397,055	\$ 334,196	\$ 1,893,943
Savings	143,670	106	1,067	144,843
Temporary clearing	(540)	1,913	-	1,373
Cash on hand - revolving	1,400	50	-	1,450
Receivables	9,550	52	-	9,602
Inventory	55,773	84,161	-	139,934
	<u>1,372,545</u>	<u>483,337</u>	<u>335,263</u>	<u>2,191,145</u>
Total assets	\$ 1,372,545	\$ 483,337	\$ 335,263	\$ 2,191,145
Liabilities and Fund Balance				
Liabilities				
Accounts payable	\$ 2,149	\$ 88	\$ -	\$ 2,237
Fund Balances				
Nonspendable	57,173	84,211	-	141,384
Restricted	1,313,223	399,038	335,263	2,047,524
	<u>1,370,396</u>	<u>483,249</u>	<u>335,263</u>	<u>2,188,908</u>
Total liabilities	1,370,396	483,249	335,263	2,188,908
Total liabilities and fund balances	\$ 1,372,545	\$ 483,337	\$ 335,263	\$ 2,191,145

San Bernardino City Unified School District

Student Activity Fund - District Wide - Combining Statement of Revenues, Expenditures, and Changes in Fund
Balances
June 30, 2023

	High Schools	Middle Schools	Unorganized ASB	Total
Revenues				
Interest income	\$ 1,128	\$ 3	\$ -	\$ 1,131
ASB operating income	314,008	196,663	-	510,671
PE clothes revenue	52,981	113,042	-	166,023
Other revenues	1,473,714	440,901	692,144	2,606,759
Total revenues	1,841,831	750,609	692,144	3,284,584
Expenditures				
Bank charges	3,504	425	-	3,929
Bank NSF Charges	74	18	-	92
ASB operating expense	411,149	243,678	-	654,827
PE clothes expense	26,367	45,392	-	71,759
8th Grade Activities expense	-	39,598	-	39,598
Winter Formal Dance expense	26,022	-	-	26,022
Senior Grad Bash expense	52,645	-	-	52,645
Inventory Adjustments	8,436	3,132	-	11,568
Other expenses	1,277,717	404,277	690,710	2,372,704
Total expenditures	1,805,914	736,520	690,710	3,233,144
Net Change in Fund Balance	35,917	14,089	1,434	51,440
Beginning Fund Balance	1,334,479	469,160	333,829	2,137,468
Ending Fund Balance	\$ 1,370,396	\$ 483,249	\$ 335,263	\$ 2,188,908

San Bernardino City Unified School District
Student Activity Fund - High School - Combining Balance Sheets
June 30, 2023

	Arroyo Valley	Cajon	Pacific	San Bernardino	Indian Springs	San Gorgonio	Total High Schools
Assets							
Cash in banks							
Checking	\$ 113,393	\$ 309,226	\$ 135,189	\$ 45,714	\$ 160,052	\$ 399,118	\$ 1,162,692
Savings	27	136,666	-	31	25	6,921	143,670
Temporary clearing	-	-	(460)	-	(80)	-	(540)
Cash on hand - revolving	200	200	400	300	100	200	1,400
Accounts receivable	5,403	-	-	4,147	-	-	9,550
Inventory	14,817	5,599	693	11,372	8,362	14,930	55,773
Total assets	<u>\$ 133,840</u>	<u>\$ 451,691</u>	<u>\$ 135,822</u>	<u>\$ 61,564</u>	<u>\$ 168,459</u>	<u>\$ 421,169</u>	<u>\$ 1,372,545</u>
Liabilities and Fund Balance							
Liabilities							
Accounts payable	\$ 2,000	\$ -	\$ -	\$ -	\$ 149	\$ -	\$ 2,149
Fund Balances							
Nonspendable	15,017	5,799	1,093	11,672	8,462	15,130	57,173
Restricted	116,823	445,892	134,729	49,892	159,848	406,039	1,313,223
Total fund balances	<u>131,840</u>	<u>451,691</u>	<u>135,822</u>	<u>61,564</u>	<u>168,310</u>	<u>421,169</u>	<u>1,370,396</u>
Total liabilities and fund balance	<u>\$ 133,840</u>	<u>\$ 451,691</u>	<u>\$ 135,822</u>	<u>\$ 61,564</u>	<u>\$ 168,459</u>	<u>\$ 421,169</u>	<u>\$ 1,372,545</u>

San Bernardino City Unified School District

Student Activity Fund - High School - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

June 30, 2023

	Arroyo Valley	Cajon	Pacific	San Bernardino	Indian Springs	San Gorgonio	Total High Schools
Revenues							
Interest income	\$ -	\$ 689	\$ -	\$ -	\$ -	\$ 439	\$ 1,128
ASB operating income	23,745	146,212	4,742	24,327	59,082	55,900	314,008
PE clothes revenue	8,115	13,226	6,660	8,310	10,150	6,520	52,981
Other revenues	364,218	356,821	99,915	200,544	216,939	235,277	1,473,714
Total revenues	396,078	516,948	111,317	233,181	286,171	298,136	1,841,831
Expenditures							
Bank charges	-	1,900	267	-	1,337	-	3,504
Bank NSF charges	-	-	-	-	74	-	74
ASB operating expense	61,193	142,750	4,924	67,195	61,206	73,881	411,149
PE clothes expense	-	4,890	7,657	-	13,137	683	26,367
Winter Formal Dance expense	26,022	-	-	-	-	-	26,022
Senior Grad Bash expense	52,645	-	-	-	-	-	52,645
Inventory adjustments	-	-	-	-	-	8,436	8,436
Other expenses	284,612	328,190	87,685	141,834	242,973	192,423	1,277,717
Total expenditures	424,472	477,730	100,533	209,029	318,727	275,423	1,805,914
Net Change in Fund Balance	(28,394)	39,218	10,784	24,152	(32,556)	22,713	35,917
Beginning Fund Balance	160,234	412,473	125,038	37,412	200,866	398,456	1,334,479
Ending Fund Balance	<u>\$ 131,840</u>	<u>\$ 451,691</u>	<u>\$ 135,822</u>	<u>\$ 61,564</u>	<u>\$ 168,310</u>	<u>\$ 421,169</u>	<u>\$ 1,370,396</u>

San Bernardino City Unified School District
Student Activity Fund - Middle School - Combining Balance Sheets
June 30, 2023

	<u>Arrowview</u>	<u>Cesar Chavez</u>	<u>Curtis</u>	<u>Del Vallejo</u>	<u>Golden Valley</u>	<u>Martin Luther King Jr.</u>
Assets						
Cash in banks						
Checking	\$ 32,997	\$ 59,411	\$ 7,976	\$ 6,622	\$ 46,404	\$ 16,666
Savings	-	26	-	-	-	30
Temporary clearing	-	38	(24)	-	45	-
Cash on hand - revolving	-	50	-	-	-	-
Accounts receivable	-	(92)	144	-	-	-
Inventory	3,033	6,528	7,125	5,824	1,922	2,720
	<u>36,030</u>	<u>65,961</u>	<u>15,221</u>	<u>12,446</u>	<u>48,371</u>	<u>19,416</u>
Total assets	\$ 36,030	\$ 65,961	\$ 15,221	\$ 12,446	\$ 48,371	\$ 19,416
Liabilities and Fund Balance						
Liabilities						
Accounts payable	\$ (45)	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances						
Nonspendable	3,033	6,578	7,125	5,824	1,922	2,720
Restricted	33,042	59,383	8,096	6,622	46,449	16,696
	<u>36,075</u>	<u>65,961</u>	<u>15,221</u>	<u>12,446</u>	<u>48,371</u>	<u>19,416</u>
Total fund balances	36,075	65,961	15,221	12,446	48,371	19,416
Total liabilities and fund balance	\$ 36,030	\$ 65,961	\$ 15,221	\$ 12,446	\$ 48,371	\$ 19,416

San Bernardino City Unified School District
Student Activity Fund - Middle School - Combining Balance Sheets
June 30, 2023

	<u>Paakuma</u>	<u>Richardson</u>	<u>Rodriguez</u>	<u>Serrano</u>	<u>Shandin Hills</u>	<u>Total Middle Schools</u>
Assets						
Cash in banks						
Checking	\$ 43,898	\$ 111,254	\$ 18,251	\$ 38,225	\$ 15,351	\$ 397,055
Savings	25	-	25	-	-	106
Temporary clearing	-	-	-	-	1,854	1,913
Cash on hand - revolving	-	-	-	-	-	50
Accounts receivable	-	-	-	-	-	52
Inventory	1,676	8,799	4,654	17,920	23,960	84,161
	<u>1,676</u>	<u>8,799</u>	<u>4,654</u>	<u>17,920</u>	<u>23,960</u>	<u>84,161</u>
Total assets	<u>\$ 45,599</u>	<u>\$ 120,053</u>	<u>\$ 22,930</u>	<u>\$ 56,145</u>	<u>\$ 41,165</u>	<u>\$ 483,337</u>
Liabilities and Fund Balance						
Liabilities						
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133</u>	<u>\$ -</u>	<u>\$ 88</u>
Fund Balances						
Nonspendable	1,676	8,799	4,654	17,920	23,960	84,211
Restricted	43,923	111,254	18,276	38,092	17,205	399,038
	<u>45,599</u>	<u>120,053</u>	<u>22,930</u>	<u>56,012</u>	<u>41,165</u>	<u>483,249</u>
Total fund balances	<u>45,599</u>	<u>120,053</u>	<u>22,930</u>	<u>56,012</u>	<u>41,165</u>	<u>483,249</u>
Total liabilities and fund balance	<u>\$ 45,599</u>	<u>\$ 120,053</u>	<u>\$ 22,930</u>	<u>\$ 56,145</u>	<u>\$ 41,165</u>	<u>\$ 483,337</u>

San Bernardino City Unified School District

Student Activity Fund - Middle School - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
June 30, 2023

	Arrowview	Cesar Chavez	Curtis	Del Vallejo	Golden Valley	Martin Luther King Jr.
Revenues						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ASB operating income	5,652	66,458	3,387	19,295	11,856	3,391
PE clothes revenue	15,030	18,505	11,065	4,880	10,570	7,572
Other revenues	34,180	53,582	13,775	3,204	34,793	3,871
Total revenues	54,862	138,545	28,227	27,379	57,219	14,834
Expenditures						
Bank charges	-	-	389	1	-	-
Bank NSF charges	-	-	18	-	-	-
ASB operating expense	6,826	88,819	1,817	23,186	25,956	4,715
PE clothes expense	1,997	-	9,430	4,695	-	5,223
8th grade activities expense	13,353	-	14,591	-	-	-
Inventory adjustments	-	-	-	-	-	-
Other expenses	18,707	50,950	6,712	4,560	33,221	911
Total expenditures	40,883	139,769	32,957	32,442	59,177	10,849
Net Change in Fund Balance	13,979	(1,224)	(4,730)	(5,063)	(1,958)	3,985
Beginning Fund Balance	22,096	67,185	19,951	17,509	50,329	15,431
Ending Fund Balance	\$ 36,075	\$ 65,961	\$ 15,221	\$ 12,446	\$ 48,371	\$ 19,416

San Bernardino City Unified School District

Student Activity Fund - Middle School - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
June 30, 2023

	<u>Paakuma</u>	<u>Richardson</u>	<u>Rodriguez</u>	<u>Serrano</u>	<u>Shandin Hills</u>	<u>Total Middle Schools</u>
Revenues						
Interest income	\$ -	\$ -	\$ -	\$ -	\$ 3	\$ 3
ASB operating income	30,102	22,838	35,090	1,963	(3,369)	196,663
PE clothes revenue	6,920	9,792	-	13,625	15,083	113,042
Other revenues	<u>61,153</u>	<u>120,446</u>	<u>59,765</u>	<u>31,123</u>	<u>25,009</u>	<u>440,901</u>
Total revenues	<u>98,175</u>	<u>153,076</u>	<u>94,855</u>	<u>46,711</u>	<u>36,726</u>	<u>750,609</u>
Expenditures						
Bank charges	-	-	-	-	35	425
Bank NSF charges	-	-	-	-	-	18
ASB operating expense	36,237	9,381	28,246	434	18,061	243,678
PE clothes expense	3,969	11,298	-	8,790	(10)	45,392
8th grade activities expense	-	-	-	11,654	-	39,598
Inventory adjustments	(4,108)	-	-	7,240	-	3,132
Other expenses	<u>60,901</u>	<u>120,543</u>	<u>80,064</u>	<u>(1,966)</u>	<u>29,674</u>	<u>404,277</u>
Total expenditures	<u>96,999</u>	<u>141,222</u>	<u>108,310</u>	<u>26,152</u>	<u>47,760</u>	<u>736,520</u>
Net Change in Fund Balance	1,176	11,854	(13,455)	20,559	(11,034)	14,089
Beginning Fund Balance	<u>44,423</u>	<u>108,199</u>	<u>36,385</u>	<u>35,453</u>	<u>52,199</u>	<u>469,160</u>
Ending Fund Balance	<u>\$ 45,599</u>	<u>\$ 120,053</u>	<u>\$ 22,930</u>	<u>\$ 56,012</u>	<u>\$ 41,165</u>	<u>\$ 483,249</u>

San Bernardino City Unified School District
Student Activity Fund - Unorganized - Combining Balance Sheets
June 30, 2023

	Adult Education	Alessandro Elementary	Anderson Elementary	Anton Elementary	Arrowhead Elementary	Barton Elementary
Assets						
Cash in banks						
Checking	\$ 7,964	\$ 2,346	\$ -	\$ 456	\$ 3,120	\$ 1,743
Savings	33	-	-	26	32	25
Total assets	\$ 7,997	\$ 2,346	\$ -	\$ 482	\$ 3,152	\$ 1,768
Fund Balances						
Restricted	\$ 7,997	\$ 2,346	\$ -	\$ 482	\$ 3,152	\$ 1,768
	Bob Holcomb Elementary	Bradley Elementary	Cole Elementary	Cypress Elementary	Davidson Elementary	Del Rosa Elementary
Assets						
Cash in banks						
Checking	\$ 13,634	\$ 3,672	\$ 5,674	\$ 8,142	\$ 1,676	\$ 400
Savings	25	-	-	26	-	25
Total assets	\$ 13,659	\$ 3,672	\$ 5,674	\$ 8,168	\$ 1,676	\$ 425
Fund Balances						
Restricted	\$ 13,659	\$ 3,672	\$ 5,674	\$ 8,168	\$ 1,676	\$ 425
	Fairfax Elementary	George Brown Jr. Elementary	Gomez Elementary	Henry Elementary	Highland- Pacific Elementary	Hunt Elementary
Assets						
Cash in banks						
Checking	\$ 3,182	\$ 6,712	\$ 2,696	\$ 2,058	\$ 3,387	\$ 1,241
Savings	-	25	-	25	-	-
Total assets	\$ 3,182	\$ 6,737	\$ 2,696	\$ 2,083	\$ 3,387	\$ 1,241
Fund Balances						
Restricted	\$ 3,182	\$ 6,737	\$ 2,696	\$ 2,083	\$ 3,387	\$ 1,241

San Bernardino City Unified School District
Student Activity Fund - Unorganized - Combining Balance Sheets
June 30, 2023

	Inghram Elementary	Juanita Blakely Jones Elementary	Kendall Elementary	Kimbark Elementary	Lankershim Elementary	Lytle Creek Elementary
Assets						
Cash in banks						
Checking	\$ 614	\$ 3,333	\$ 2,681	\$ 22,126	\$ 6,914	\$ 4,637
Savings	25	25	25	273	-	-
Total assets	<u>\$ 639</u>	<u>\$ 3,358</u>	<u>\$ 2,706</u>	<u>\$ 22,399</u>	<u>\$ 6,914</u>	<u>\$ 4,637</u>
Fund Balances						
Restricted	<u>\$ 639</u>	<u>\$ 3,358</u>	<u>\$ 2,706</u>	<u>\$ 22,399</u>	<u>\$ 6,914</u>	<u>\$ 4,637</u>
	Marshall Elementary	Middle College High School	Monterey Elementary	Mt. Vernon Elementary	Newmark Elementary	North Park Elementary
Assets						
Cash in banks						
Checking	\$ 4,479	\$ 26,465	\$ 6,846	\$ 6,071	\$ 8,811	\$ 4,394
Savings	-	25	-	-	78	-
Total assets	<u>\$ 4,479</u>	<u>\$ 26,490</u>	<u>\$ 6,846</u>	<u>\$ 6,071</u>	<u>\$ 8,889</u>	<u>\$ 4,394</u>
Fund Balances						
Restricted	<u>\$ 4,479</u>	<u>\$ 26,490</u>	<u>\$ 6,846</u>	<u>\$ 6,071</u>	<u>\$ 8,889</u>	<u>\$ 4,394</u>
	North Verdemont Elementary	Norton Elementary	Palm Avenue Elementary	Parkside Elementary	Riley Elementary	Rio Vista Elementary
Assets						
Cash in banks						
Checking	\$ 29,508	\$ 1,378	\$ 9,092	\$ 4,455	\$ 1,180	\$ 5,545
Savings	31	-	28	32	33	-
Total assets	<u>\$ 29,539</u>	<u>\$ 1,378</u>	<u>\$ 9,120</u>	<u>\$ 4,487</u>	<u>\$ 1,213</u>	<u>\$ 5,545</u>
Fund Balances						
Restricted	<u>\$ 29,539</u>	<u>\$ 1,378</u>	<u>\$ 9,120</u>	<u>\$ 4,487</u>	<u>\$ 1,213</u>	<u>\$ 5,545</u>

San Bernardino City Unified School District
Student Activity Fund - Unorganized - Combining Balance Sheets
June 30, 2023

	<u>E. Neal Roberts Elementary</u>	<u>Roosevelt Elementary</u>	<u>Manuel A. Salinas Elementary</u>	<u>San Andreas Continuation</u>	<u>Sierra Continuation</u>	<u>Thompson Elementary</u>
Assets						
Cash in banks						
Checking	\$ 18,573	\$ 578	\$ 13,686	\$ 37,368	\$ 18,020	\$ 6,634
Savings	-	31	25	25	110	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 18,573</u>	<u>\$ 609</u>	<u>\$ 13,711</u>	<u>\$ 37,393</u>	<u>\$ 18,130</u>	<u>\$ 6,634</u>
Fund Balances						
Restricted	<u>\$ 18,573</u>	<u>\$ 609</u>	<u>\$ 13,711</u>	<u>\$ 37,393</u>	<u>\$ 18,130</u>	<u>\$ 6,634</u>
		<u>Urbita Elementary</u>	<u>Virtual Academy</u>	<u>Warm Springs Elementary</u>	<u>Wilson Elementary</u>	<u>Total Unorganized</u>
Assets						
Cash in banks						
Checking		\$ 15,020	\$ 1,010	\$ 1,951	\$ 4,724	\$ 334,196
Savings		26	-	33	-	1,067
		<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets		<u>\$ 15,046</u>	<u>\$ 1,010</u>	<u>\$ 1,984</u>	<u>\$ 4,724</u>	<u>\$ 335,263</u>
Fund Balances						
Restricted		<u>\$ 15,046</u>	<u>\$ 1,010</u>	<u>\$ 1,984</u>	<u>\$ 4,724</u>	<u>\$ 335,263</u>

San Bernardino City Unified School District

Student Activity Fund - Unorganized - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
June 30, 2023

	Adult Education	Alessandro Elementary	Anderson Elementary	Anton Elementary	Arrowhead Elementary	Barton Elementary
Revenues						
Other revenues	\$ 68	\$ 24,629	\$ -	\$ 263	\$ 3,858	\$ 16,225
Expenditures						
Other	1,075	24,375	-	831	3,592	20,748
Net Change in Fund Balance	(1,007)	254	-	(568)	266	(4,523)
Beginning Fund Balance	9,004	2,092	-	1,050	2,886	6,291
Ending Fund Balance	\$ 7,997	\$ 2,346	\$ -	\$ 482	\$ 3,152	\$ 1,768

	Bob Holcomb Elementary	Bradley Elementary	Cole Elementary	Cypress Elementary	Davidson Elementary	Del Rosa Elementary
Revenues						
Other revenues	\$ 27,620	\$ 263	\$ 12,345	\$ 25,540	\$ 7,948	\$ 4,104
Expenditures						
Other	23,123	100	9,939	26,443	9,198	11,787
Net Change in Fund Balance	4,497	163	2,406	(903)	(1,250)	(7,683)
Beginning Fund Balance	9,162	3,509	3,268	9,071	2,926	8,108
Ending Fund Balance	\$ 13,659	\$ 3,672	\$ 5,674	\$ 8,168	\$ 1,676	\$ 425

	Fairfax Elementary	George Brown Jr. Elementary	Gomez Elementary	Henry Elementary	Highland-Pacific Elementary	Hunt Elementary
Revenues						
Other revenues	\$ 3,647	\$ 16,366	\$ 11,141	\$ 9,214	\$ 12,414	\$ 13,513
Expenditures						
Other	4,769	21,354	8,979	9,734	16,573	14,117
Net Change in Fund Balance	(1,122)	(4,988)	2,162	(520)	(4,159)	(604)
Beginning Fund Balance	4,304	11,725	534	2,603	7,546	1,845
Ending Fund Balance	\$ 3,182	\$ 6,737	\$ 2,696	\$ 2,083	\$ 3,387	\$ 1,241

San Bernardino City Unified School District

Student Activity Fund - Unorganized - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
June 30, 2023

	Inghram Elementary	Juanita Blakely Jones Elementary	Kendall Elementary	Kimbark Elementary	Lankershim Elementary	Lytle Creek Elementary
Revenues						
Other revenues	\$ 7,598	\$ 16,033	\$ 3,370	\$ 54,299	\$ 7,258	\$ 11,756
Expenditures						
Other	8,338	17,587	5,242	45,101	4,707	15,281
Net Change in Fund Balance	(740)	(1,554)	(1,872)	9,198	2,551	(3,525)
Beginning Fund Balance	1,379	4,912	4,578	13,201	4,363	8,162
Ending Fund Balance	\$ 639	\$ 3,358	\$ 2,706	\$ 22,399	\$ 6,914	\$ 4,637
	Marshall Elementary	Middle College High School	Monterey Elementary	Mt. Vernon Elementary	Newmark Elementary	North Park Elementary
Revenues						
Other revenues	\$ 9,986	\$ 33,173	\$ 5,708	\$ 22,670	\$ 19,688	\$ 21,524
Expenditures						
Other	11,793	26,952	9,416	19,361	16,509	19,936
Net Change in Fund Balance	(1,807)	6,221	(3,708)	3,309	3,179	1,588
Beginning Fund Balance	6,286	20,269	10,554	2,762	5,710	2,806
Ending Fund Balance	\$ 4,479	\$ 26,490	\$ 6,846	\$ 6,071	\$ 8,889	\$ 4,394
	North Verdemont Elementary	Norton Elementary	Palm Avenue Elementary	Parkside Elementary	Riley Elementary	Rio Vista Elementary
Revenues						
Other revenues	\$ 38,336	\$ -	\$ 29,733	\$ 2,757	\$ 13,059	\$ 16,248
Expenditures						
Other	43,954	-	28,953	3,849	14,728	14,712
Net Change in Fund Balance	(5,618)	-	780	(1,092)	(1,669)	1,536
Beginning Fund Balance	35,157	1,378	8,340	5,579	2,882	4,009
Ending Fund Balance	\$ 29,539	\$ 1,378	\$ 9,120	\$ 4,487	\$ 1,213	\$ 5,545

San Bernardino City Unified School District
Student Activity Fund - Unorganized - Combining Statement of Revenues, Expenditures, and Changes in Fund
Balances
June 30, 2023

	<u>E. Neal Roberts Elementary</u>	<u>Roosevelt Elementary</u>	<u>Manuel A. Salinas Elementary</u>	<u>San Andreas Continuation</u>	<u>Sierra Continuation</u>	<u>Thompson Elementary</u>
Revenues						
Other revenues	\$ 16,784	\$ -	\$ 24,703	\$ 31,781	\$ 23,580	\$ 13,093
Expenditures						
Other	12,713	342	21,940	27,265	23,254	13,848
Net Change in Fund Balance	4,071	(342)	2,763	4,516	326	(755)
Beginning Fund Balance	14,502	951	10,948	32,877	17,804	7,389
Ending Fund Balance	<u>\$ 18,573</u>	<u>\$ 609</u>	<u>\$ 13,711</u>	<u>\$ 37,393</u>	<u>\$ 18,130</u>	<u>\$ 6,634</u>

	<u>Urbita Elementary</u>	<u>Virtual Academy</u>	<u>Warm Springs Elementary</u>	<u>Wilson Elementary</u>	<u>Total Unorganized</u>
Revenues					
Other revenues	\$ 34,685	\$ 3,368	\$ 21,962	\$ 19,834	\$ 692,144
Expenditures					
Other	27,450	2,358	29,463	18,921	690,710
Net Change in Fund Balance	7,235	1,010	(7,501)	913	1,434
Beginning Fund Balance	7,811	-	9,485	3,811	333,829
Ending Fund Balance	<u>\$ 15,046</u>	<u>\$ 1,010</u>	<u>\$ 1,984</u>	<u>\$ 4,724</u>	<u>\$ 335,263</u>

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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District in a separate letter dated December 15, 2023.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rancho Cucamonga, California
December 15, 2023

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Rancho Cucamonga, California
December 15, 2023

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District’s compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District’s compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the District’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District’s compliance with the state laws and regulations applicable to the following items:

2022-2023 K-12 Audit Guide Procedures	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
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes

2022-2023 K-12 Audit Guide Procedures	Procedures Performed
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
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	Yes
 School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	Yes
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Transitional Kindergarten	Yes
 Charter Schools	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes - Classroom Based	No, see below
Charter School Facility Grant Program	No, see below

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

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

We did not perform Juvenile Court Schools procedures because the program is not offered by the District.

The District did not elect to operate as a school district of choice; therefore, we did not perform procedures related to District of Choice.

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identify during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001, 2023-002, 2023-003, and 2023-004.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 state 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 state 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 state 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002, 2023-003, and 2023-004 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Rancho Cucamonga, California
December 15, 2023

San Bernardino City Unified School District
 Summary of Auditor's Results
 Year Ended June 30, 2023

Financial Statements

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

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing Number
Title I Grant to Local Educational Agencies - Low Income and Neglected	84.010
Title I Grant to Local Educational Agencies - School Improvement Funding	84.010
COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D
COVID-19: Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D
COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D
COVID-19: Governor's Emergency Education Relief Fund: Learning Loss Mitigation	84.425C
COVID-19: Expanded Learning Opportunities (ELO) Grant: GEER II	84.425C
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund: State Reserve, Emergency Needs	84.425U
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund: ASES Rate Increase	84.425U
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund: CCLC Rate Increase	84.425U
COVID-19: ARP Homeless Children and Youth Program I	84.425W
COVID-19: ARP Homeless Children and Youth Program II	84.425W
Dollar threshold used to distinguish between type A and type B programs	\$3,000,000
Auditee qualified as low-risk auditee?	No

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Other matters to be reported	Yes
Type of auditor's report issued on compliance for programs	Unmodified

None reported.

None reported.

The following findings represent significant deficiencies and instances of noncompliance including questioned costs that are required to be reported by the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
40000	State Compliance
43000	Apprenticeship: Related and Supplemental Instruction
61000	Classroom Teacher Salaries

2023-001 61000 – Classroom Teacher Salaries (Significant Deficiency, Noncompliance)

Criteria or Specific Requirements

California *Education Code* Section 41372 requires that the payment of classroom teacher salaries and benefits meet or exceed 55% (for unified districts) of the District’s current expense of education.

Condition

The District spent 53.06% (439,598,901) of the current expense of education (\$828,565,562) on classroom teacher salaries and benefits, failing to meet the 55% requirement.

Questioned Costs

There are no questioned costs associated with the finding.

Context

The condition was identified through our review of the District’s Form CEA during testing of state compliance requirements.

Effect

As a result of our testing, the District was not compliant with *Education Code* Section 41372 due to being deficient in the amount of \$16,112,158.

Cause

The District received one-time state and federal funds to address and respond to the effects of the COVID-19 pandemic. These funding sources were used in part toward classroom teacher salaries and benefits; however, a significant portion of these funds was used toward purchasing materials and supplies needed to address the impacts of the COVID-19 pandemic. As such, the District was unable to meet the 55% requirement for classroom teacher salaries.

Repeat Finding

No.

Recommendation

We recommend the District evaluate its expenditures and develop a plan to ensure compliance with the above noted requirement. If the District is unable to meet the 55% requirement, we recommend the obtaining of an approved exemption from this requirement from the County Superintendent of Schools.

Corrective Action Plan and Views of Responsible Officials

The District satisfied the requirement to increase teacher salaries by at least the deficiency amount by agreeing with San Bernardino Teachers Association to a six (6) percent increase effective July 1, 2023.

2023-002 43000 – Apprenticeship: Related and Supplemental Instruction (Significant Deficiency, Noncompliance)

Criteria or Specific Requirements

California *Education Code* Section 8150.5 states that attendance for apprentices enrolled in classes maintained by a local education agency pursuant to Section 3074 of the Labor Code, shall be reimbursed pursuant to Section 8152 only if reported separately to the Chancellor of the California Community College.

Condition

While verifying the total attendance hours reported and claimed by the District, discrepancies were noted between the attendance hours log sheet and the report of hours submitted to the Chancellor of the California Community Colleges.

Questioned Costs

The questioned costs associated with this condition resulted in an estimated penalty of \$22,610. The estimated penalty was calculated using the California Community Colleges Apportionment Reports Fiscal Year 2023-2024 Exhibit A LEA Apprenticeship Training and Instruction September Revision 2023 for the Fiscal Year 2022-2023 Recalculation Period for the total fiscal year 2022-2023 apportionment and the California Apprenticeship Initiative RSI Reporting Recalculation Certification for the total hours reported. The hourly reimbursement rate was estimated based on the aforementioned information, resulting in an hourly reimbursement rate calculation of \$16.31.

Context

The condition identified resulted from our review of attendance records and summaries for the Apprenticeship program. Our sample included a total of 1,234 reported hours and an error of 112 hours, or 9.08%, was noted. The error rate was projected to the population of 15,269 hours reported, resulting in a projected error of 1,386 hours.

Effect

The District was not compliant with California *Education Code* Section 8150.5 and 8152 for the 2022-2023 fiscal year, since the number of hours reported and claimed is overstated when compared to supporting records.

Cause

The cause appears to have materialized as a result of inadequate review of the compiled attendance information that was submitted to the Chancellor of the California Community College.

Repeat Finding

No.

Recommendation

For accurate attendance reporting, the District should review procedures used to report the number of students served to the Chancellor of the California Community College, so methods are consistent to allow for accurate reporting. Procedures for attendance should include an independent review of the sign in sheets and monthly summaries prior to submitting them to the Chancellor of the California Community College.

Corrective Action Plan and Views of Responsible Officials

Attendance Reporting Enhancement

Starting August 2023, Inland Career Education Center's (ICEC) attendance technician will systematically upload attendance reports into Google Drive. These reports will be shared with the auditing team by June 2024. There will be a consistent effort to ensure accuracy, with attendance reports compared to sign-in sheets on a weekly basis to rectify any discrepancies. In cases of errors with the ASAP system, prompt contact will be made with the agency to address attendance issues.

Regular Meetings for Attendance Review

Commencing January 2024, ICEC will initiate quarterly meetings with apprentice instructors. These meetings, scheduled every nine weeks, aim to discuss and review attendance procedures, ensuring adherence and effectiveness. The dates for these meetings in the 2024-2025 school year will be determined and communicated in due course.

Completion Timeline:

Monthly Reports for the period from August to December 2023 have been completed on the following dates: 08/31/2023, 09/29/2023, 10/30/2023, 11/30/2023, 12/15/2023.

Ongoing Monthly Reports Continuing from January 2024, monthly reports will be submitted on these estimated dates: 01/31/2024, 02/29/2024, 03/29/2024, 04/30/2024, 05/30/2024, 06/28/2024.

These steps will be integrated into ICEC's procedural practices to enhance the effectiveness and reliability of ICEC's attendance tracking and reporting system in compliance with funding requirements.

2023-003 40000 – After/Before School Education and Safety Program (Significant Deficiency, Noncompliance)

Criteria or Specific Requirements

California *Education Code* Section 8483(a)(1) states that every after school component of a program established pursuant to this article shall commence immediately upon the conclusion of the regular school day, and operate a minimum of 15 hours per week, and at least until 6 p.m. on every regular school day. Every after school component of the program shall establish a policy regarding reasonable early daily release of pupils from the program.

Condition

While verifying the total students served at Arrowhead Elementary, Barton Elementary, Hunt Elementary, Martin Luther King Jr. Middle, Parkside Elementary, and Thompson Elementary discrepancies were noted between the total number of students served and reported to the California Department of Education (CDE) and number audited for the first half of the 2022-2023 fiscal year.

Questioned Costs

Under the provisions of the program, there are no questioned costs associated with this condition. However, the number of students served appears understated by 2,655 for the first semi-annual reporting period.

Context

The condition identified resulted from our review of attendance records and summaries from Arrowhead Elementary, Barton Elementary, Hunt Elementary, Martin Luther King Jr. Middle, Parkside Elementary, and Thompson Elementary for the month of December 2022.

Effect

The District was not compliant with California *Education Code* Section 8483(a)(1) for the 2022-2023 fiscal year, since the number of students served as reported to the CDE is understated when compared to supporting records.

Cause

The cause appears to have materialized as a result of inadequate review of the compiled attendance information that was submitted to the California Department of Education.

Repeat Finding

Yes. See prior year finding 2022-003.

Recommendation

For accurate attendance reporting, the District should review procedures used to report the number of students served to the CDE, so methods are consistent to allow for accurate reporting. Procedures for attendance should include an independent review of the sign out sheets, monthly summaries, and semiannual reports prior to submitting them to the CDE.

Corrective Action Plan and Views of Responsible Officials

The District's Expanded Learning-Sunrise/CAPS office's Corrective Action Plan for FY 2022-2023 was to save printouts of AERIES reports used in the reporting of attendance numbers to the CDE as support. This was implemented during the fiscal year.

Since the finding still exists, the District will now direct its Information Technology Department to work with vendor AERIES to research, create and implement a process allowing attendance numbers reported to the State at a point in time to be locked and saved at the District level and accessible later without being changed from the original date.

2023-004 40000 – Unduplicated Local Control Funding Formula Pupil Counts (Significant Deficiency, Noncompliance)

Criteria or Specific Requirements

California *Education Code* Section 42238.02(b)(4) states that the school districts should revise their submitted data on English learner, foster youth, and free or reduced-price meal eligible pupil counts to ensure the accuracy of data reflected in the California Longitudinal Pupil Achievement Data System (CALPADS).

Condition

The Unduplicated Local Control Funding Formula Pupil Counts submitted to the California Department of Education (CDE) was inaccurate. It appears that the District inaccurately reported the eligibility status for certain pupils for Free or Reduced-Price Meals (FRPM) on CALPADS Form 1.18 – FRPM/English Learner/Foster Youth – Student List.

Questioned Costs

The questioned costs associated with this condition resulted in a net change of \$0 in Local Control Funding Formula. The estimated penalty was calculated using the CDE’s Audit Penalty Calculator.

Context

The condition was identified through a review of requested supporting documents for a sample of students’ FRPM and/or EL status. The District extended benefits in error to one of the 60 students categorized as Free/Reduced and selected from the pupils in the FRPM category on the CALPADS Form 1.18. The auditor reviewed the full population determined a total error of nine pupils for FRPM status on the CALPADS Form 1.18.

Effect

As a result of our testing, it appears that the District failed to properly complete the "1.18 – FRPM/English Learner/Foster Youth – Student List" CALPADS report. The results of our testing have been documented as follows:

Certified Total Enrollment Count	Certified Total Unduplicated Count	Adjustment to Total Enrollment Count	Adjustment Based on Eligibility for FRPM	Adjusted Total Enrollment	Adjusted Total Unduplicated Pupil Count
45,964	42,013	0	(9)	45,964	42,004

Cause

The condition identified, related to FRPM, has materialized due to lack of sufficient internal controls over compliance. Benefits were extended in error to pupils not residing in the same household.

Repeat Finding

No.

Recommendation

The District should emphasize the importance of completing the Form 1.18 accurately, which would include ensuring that all changes are accurately and timely updated based on new eligibility documentation received and that document retention policies are adhered to.

Corrective Action Plan and Views of Responsible Officials

After the comprehensive review of the requested data, it was determined the errors were caused by the sharing of student files between the Nutrition Services Department and the Information Technology Department. Once this was discovered, the practice of sharing data between the two departments ceased and this matter has been corrected.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statement Findings

2022-001 30000 – Prior Period Adjustment (Material Weakness)

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure that financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of the year-end closing entries to ensure the financial statements are fairly stated. The District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

During our review of current year state categorical program revenues, the related accounts receivable accruals, and clearing of prior year accounts receivable accruals, we noted that the District identified an amount of \$18,651,334 in the General Fund that had been accrued in error in the prior year.

Questioned Costs

There were no questioned costs associated the condition.

Context

The condition was identified as a result of our review of the clearing of prior-year accruals and of the beginning fund balance in the General Fund.

Effect

The effect of the error was a restatement of the beginning fund balance in the General Fund in the amount of \$18,651,334.

Cause

The cause of the condition identified appears to be due to late guidance issued by the California Department of Education with respect to certain categorical program revenues and the source of those revenues. The District's year-end review processes related to the preparation of the District's year-end financial statements did not identify the change needed prior to finalizing the closing of the books.

Recommendation

Prior to closing the books, the District should review any final guidance from the county or California Department of Education that could have an impact on the financial statements. With the various new sources of revenue that Districts have received in the prior and current year, new guidance is being issued and is changing frequently.

Current Status

Implemented.

2022-002 30000 – Year-End Reporting (Significant Deficiency)

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure that financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of the year-end closing entries to ensure the financial statements are fairly stated.

Condition

Based on our review of the District's grant accounting, we identified a difference \$648,329 in unrecorded revenues related to federal assistance for Emergency Connectivity Fund during our examination of the District's grant activities.

Questioned Costs

There were no questioned costs associated the condition.

Context

The condition was identified as a result of our review of the District's grant activities.

Effect

The effect of the error resulted in an understatement of General Fund ending fund balance by \$648,329.

Cause

The understatement of fund balance in the District's General Fund is a directly result of the District not being familiar with the unusual revenue stream related to Federal assistance.

Recommendation

Prior to closing the books, the District should carefully review all year-end activities to ensure all transactions are posted accurately and within the correct accounting period.

Current Status

Implemented.

State Compliance Findings

2022-003 40000 (After School Safety and Education)

Criteria or Specific Requirements

California *Education Code* Section 8483(a)(1) states that every after school component of a program established pursuant to this article shall commence immediately upon the conclusion of the regular school day, and operate a minimum of 15 hours per week, and at least until 6 p.m. on every regular school day. Every after school component of the program shall establish a policy regarding reasonable early daily release of pupils from the program.

Condition

While verifying the total students served at Cole Elementary School, Curtis Middle School, Del Rosa Elementary School, Kendall Elementary School, Lankershim Elementary School, and Wilson Elementary School, discrepancy was noted between the total number of students served and reported to the California Department of Education (CDE) and number audited for the first half of the 2021-2022 fiscal year.

Questioned Costs

Under the provisions of the program, there are no questioned costs associated with this condition. However, the number of students served appears overstated by 3,843 for the first semi-annual reporting period.

Context

The condition identified resulted from our review of attendance records and summaries from Cole Elementary School, Curtis Middle School, Del Rosa Elementary School, Kendall Elementary School, Lankershim Elementary School, and Wilson Elementary School for the month of December 2021.

Effect

The District was not compliant with California *Education Code* Section 8483(a)(1) for the 2021-2022 fiscal year, since the number of students served as reported to the CDE is overstated when compared to supporting records.

Cause

The cause appears to have materialized as a result of inadequate review of the compiled attendance information that was submitted to the California Department of Education.

Recommendation

For accurate attendance reporting, the District should review procedures used to report the number of students served to the CDE, so methods are consistent to allow for accurate reporting. Procedures for attendance should include an independent review of the sign out sheets, monthly summaries, and semiannual reports prior to submitting them to the CDE.

Current Status

Not implemented. See current year finding 2023-003.

Golden Valley Middle School

Observation

Based on the review of cash receipting procedures, it was noted that 27 cash receipts tested did not contain evidence of a dual cash count.

Recommendation

At least two individuals should be present to simultaneously count cash to safeguard the cash received.

Cesar E. Chavez Middle School

Observation

Based on the review of cash receipting procedures, it was noted that one of the 15 cash receipts tested did not contain evidence of a dual cash count.

Recommendation

At least two individuals should be present to simultaneously count cash to safeguard the cash received.

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

Rancho Cucamonga, California
December 15, 2023