SAN BERNARDINO COUNTY
SUPERINTENDENT OF SCHOOLS

AUDIT REPORT

For the Fiscal Year Ended
June 30, 2021

NIGRO & NIGRO PC

SAN BERNARDINO COUNTY SUPERINTENDENT OF SCHOOLS
For the Fiscal Year Ended June 30, 2021
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Financial Section

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NIGRO & NIGRO PC

A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT

Board of Education
San Bernardino County Superintendent of Schools
San Bernardino, California

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Bernardino County Superintendent of Schools (the SBCSS), as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the SBCSS's basic financial statements as listed in the table of contents.

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

Auditors' Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.* Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of San Bernardino County Superintendent of Schools, as of June 30, 2021, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA

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Other Matters

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 proportionate share of the net pension liability, schedule of pension contributions, schedule of changes in the SBCSS's total OPEB liability and related ratios, schedule of the SBCSS's proportionate share of the net OPEB liability-MPP Program, and the notes to the required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the SBCSS's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The supplementary information on pages 59 to 61 and the schedule of expenditures of federal awards on page 62 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The information on page 58 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 3, 2021, on our consideration of the SBCSS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 SBCSS'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 SBCSS's internal control over financial reporting and compliance.

Nigro & Nigro, PC

Murrieta, California
December 3, 2021

This discussion and analysis of San Bernardino County Superintendent of Schools' financial performance provides an overview of the SBCSS's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the SBCSS's financial statements, which immediately follow this section.

MISSION OF THE SAN BERNARDINO COUNTY SUPERINTENDENT OF SCHOOLS

The mission of the San Bernardino County Superintendent of Schools (SBCSS) is to transform lives through education. Working in collaboration with school districts, other agencies, families and our community partners, we provide leadership, advocacy and services to ensure innovative, inspiring educational practices. This endeavor is essential to the quality of life and economic vitality of our communities.

SBCSS provides the legally required fiscal oversight of all thirty-three K-12 school districts and five community colleges within San Bernardino County. This organization operates mandated juvenile court schools for all students who are wards of the court. SBCSS also provides data processing services for school districts and community colleges in the county as well as various districts and county offices throughout the state through the California Educational Computer Consortium Joint Powers Authority (CECC JPA).

SBCSS is comprised of the Superintendent's direct staff and six major branches, each of which provides direct services to school districts and the community. Programmatic services to students and districts are administered by the Innovation and Engagement, Student Services and Education Support Services branches. The day-to-day administrative functions of the organization are administered by the Business Services, Human Resources, and Technology Services branches.

PROGRAM HIGHLIGHTS

The Business Services Branch provides Assembly Bill (AB) 1200 mandated oversight of thirty-three school districts throughout the county. The branch also processes financial transactions and maintains the County Auditor-Controller-Recorder and Treasurer district databases. Business Support Services performs the procurement and contracting functions for the organization, records retention, and equipment delivery and relocation. Internal Business Services serves as the SBCSS business office with areas of responsibility including accounts payable, accounts receivable, and payroll, in addition to responsibility for budget development and fiscal oversight including all mandated fiscal reporting.

The Student Services Branch operates mandated student programs for the Juvenile Court School, Community School, and Independent Alternative Education programs. The branch also provides special education programs supporting local districts in partnership with three Special Education Local Plan Areas (SELPA) administered by SBCSS. These programs serve an average of over 2,100 students per day. The Student Services Branch also administers the State Preschool Program. This comprehensive program continues to grow and provide safe and nurturing hands-on learning to help each child reach his or her highest potential as the families seek quality pre-kindergarten programs to prepare their children for school.

The Education Support Services (ESS) Branch provides high quality leadership, support and partnerships with the thirty-three school districts within the county as well as through local and regional services such as the Riverside, Inyo, Mono and San Bernardino counties (RIMS) network. ESS provides mandated oversight and approval of district Local Control Accountability Plans (LCAP). Following the Cradle to Career Roadmap, the new California Standards, the need for students accomplished in 21st Century Skills, the critical nature of equity and access to high quality education for all, the need for transformative administrative leadership, and in response to the needs of districts provided through LCAPs and other key district sources, ESS provides services in support of the eight LCAP priority areas.

PROGRAM HIGHLIGHTS (continued)

The Human Resources Branch provides organizational support to staff members and districts throughout the county. Human Resources oversees the credentialing process for all teachers within the thirty-three San Bernardino County school districts. The branch is responsible for training district and county offices in Southern California in use of the EdJOIN system, a statewide system designed to advertise positions available in the K-12 public school system.

The Technology Services Branch provides leadership and support in information and educational technology services to SBCSS users. This includes long-term planning and delivery of services in the areas of educational technology, information systems, software applications, data center operations, telecommunications, network operations, enterprise systems and comprehensive client support services.

The Innovation and Engagement Branch focuses on building collaborative efforts with educators, agencies, government, community-based and faith-based organizations, law enforcement, health, business and labor, elected officials and other organizations to provide personal and academic success opportunities for all students in San Bernardino County – from Cradle to Career.

FINANCIAL HIGHLIGHTS

- The SBCSS's financial status decreased overall as a result of this year's operations. Net position of governmental activities decreased over the prior year's balance by $3.0 million, or 5.4%.
- Governmental expenses were approximately $504.8 million. Revenues were approximately $501.8 million.
- The SBCSS spent approximately $2.8 million in new capital assets during the year.
- The SBCSS decreased its outstanding long-term debt other than pensions by $0.4 million.
- Governmental funds increased by $19.6 million, or 17.1%.
- Required reserves for the County School Service Fund decreased by $0.2 million, or 3.2%. Revenues were $345.9 million, and expenditures were $331.1 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

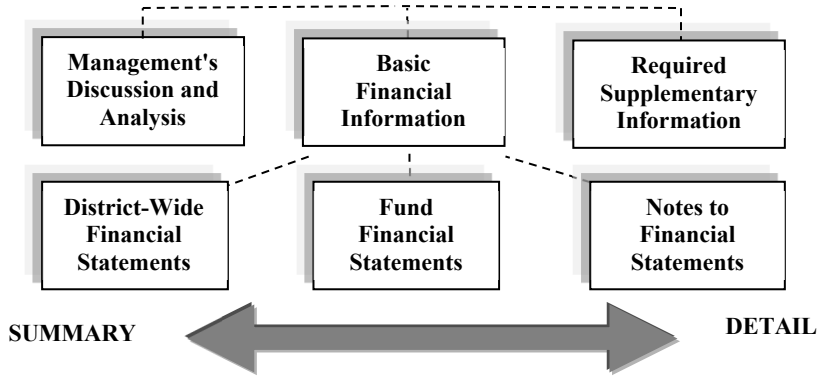
This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the SBCSS:

- The first two statements are *County-wide financial* statements that provide both short-term and long-term information about the SBCSS's overall financial status.
- The remaining statements are *fund financial* statements that focus on individual parts of the SBCSS, reporting the SBCSS's operations in more detail than the County-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.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1. Organization of San Bernardino County Superintendent of Schools' Annual Financial Report



The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

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

The two County-wide statements report the SBCSS's net position and how it has changed. Net position – the difference between the SBCSS's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the SBCSS's financial health, or *position*.

- Over time, increases and decreases in the SBCSS's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the overall health of the SBCSS, you need to consider additional nonfinancial factors such as changes in the SBCSS's demographics and the condition of school buildings and other facilities.

- In the government-wide financial statements, the SBCSS's activities are categorized as *Governmental Activities*. Most of the SBCSS's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

Fund Financial Statements
The fund financial statements provide more detailed information about the SBCSS's most significant funds – not the SBCSS as a whole. Funds are accounting devices the SBCSS 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 SBCSS establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that is properly using certain revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

The SBCSS has one kind of fund:

1) ***Governmental funds*** – All of the SBCSS's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that 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 SBCSS's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE SUPERINTENDENT AS A WHOLE

Net Position. The SBCSS's combined net position was lower on June 30, 2021, than it was the year before – decreasing 5.4% to $53.6 million (See Table A-1).

Table A-1: Statement of Net Position

	Governmental Activities		Variance Increase (Decrease)
	2021	2020*	
Assets			
Current assets	$ 269,924,867	$ 220,225,893	$ 49,698,974
Capital assets	149,268,403	154,708,391	(5,439,988)
Total assets	419,193,270	374,934,284	44,258,986
Deferred outflows of resources	77,852,163	68,862,923	8,989,240
Liabilities			
Current liabilities	135,223,478	105,149,597	30,073,881
Long-term liabilities	24,502,285	24,882,665	(380,380)
Net pension liability	270,935,482	244,607,537	26,327,945
Total liabilities	430,661,245	374,639,799	56,021,446
Deferred inflows of resources	12,758,791	12,473,861	284,930
Net position			
Net investment in capital assets	149,268,403	154,708,391	(5,439,988)
Restricted	59,992,160	46,036,138	13,956,022
Unrestricted	(155,635,166)	(144,060,982)	(11,574,184)
Total net position	$ 53,625,397	$ 56,683,547	$ (3,058,150)

**As restated*

Changes in net position, governmental activities. The SBCSS's total revenues increased 12.6% to $501.8 million (See Table A-2). The increase is due primarily to COVID-related federal grants.

The total cost of all programs and services increased 6.3% to $504.8 million. The SBCSS's expenses are predominantly related to educating and caring for students, 50.2%. The purely administrative activities of the SBCSS accounted for just 10.2% of total costs. A significant contributor to the increase in costs was spending down and distributing COVID-related grants.

FINANCIAL ANALYSIS OF THE SUPERINTENDENT AS A WHOLE (continued)

Table A-2: Statement of Activities

	Governmental Activities		Variance Increase
	2021	2020	(Decrease)
Revenues			
Program Revenues:			
Charges for services	$ 55,337,336	$ 57,692,640	$ (2,355,304)
Operating grants and contributions	352,672,004	298,581,454	54,090,550
Capital grants and contributions	1,298	(123,345)	124,643
General Revenues:			
Federal and state aid not restricted	57,103,659	52,529,299	4,574,360
Property taxes	25,130,114	23,002,478	2,127,636
Other general revenues	11,532,010	13,826,549	(2,294,539)
Total Revenues	501,776,421	445,509,075	56,267,346
Expenses			
Instruction-related	189,611,839	195,413,620	(5,801,781)
Pupil services	63,992,929	67,928,163	(3,935,234)
Administration	51,367,372	52,110,940	(743,568)
Plant services	5,897,289	6,577,548	(680,259)
All other activities	193,965,142	152,967,909	40,997,233
Total Expenses	504,834,571	474,998,180	29,836,391
Increase (decrease) in net position	(3,058,150)	(29,489,105)	26,430,955
Net Position	$ 53,625,397	$ 56,683,547	$ (3,058,150)

FINANCIAL ANALYSIS OF THE SUPERINTENDENT'S FUNDS

The financial performance of the SBCSS as a whole is reflected in its governmental funds as well. As the SBCSS completed this year, its governmental funds reported a combined fund balance of $134.7 million, which is above last year's ending fund balance of $115.1 million. The primary cause of the increased fund balance is due to an operating surplus in the SBCSS Services Fund.

Table A-3: The SBCSS's Fund Balances

	Fund Balances				
	July 1, 2020	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2021
Fund					
County School Services Fund	$ 92,460,597	$ 345,915,900	$ 331,142,641	$ (1,890,525)	$ 105,343,331
Special Education Pass-Through Fund	-	140,525,677	140,525,677	-	-
Child Development Fund	1,471,061	15,748,060	14,293,640	-	2,925,481
Deferred Maintenance Fund	6,971,628	3,047,088	(204,580)	-	10,223,296
Forest Reserve Fund	311,181	307,446	268,692	(44,475)	305,460
Special Reserve Fund (Postemployment Benefits)	11,270,180	82,731	-	1,935,000	13,287,911
County School Facilities Fund	138,624	1,298	-	-	139,922
Special Reserve Fund (Capital Outlay)	2,453,025	22,963	-	-	2,475,988
	$ 115,076,296	$ 505,651,163	$ 486,026,070	$ -	$ 134,701,389

FINANCIAL ANALYSIS OF THE SUPERINTENDENT'S FUNDS (continued)

County School Service Fund Budgetary Highlights

Over the course of the year, the SBCSS revised the annual operating budget several times. The major budget amendments fall into these categories:

- Revenues – increased by $28.2 million primarily to reflect federal and state budget actions.
- Salaries and benefits – decreased $8.9 million to revise projected cost estimates.
- Other non-personnel expenses – increased $26.3 million to re-budget carryover funds and revise operational cost estimates.

The SBCSS's final budget for the County School Service Fund anticipated that revenues would exceed expenditures by about $14.6 million, and the actual results for the year were fairly consistent with that prediction. Actual revenues were $10.9 million less than anticipated, and expenditures were $11.0 million less than budgeted. That amount consists primarily of capital outlay and restricted program dollars that were not spent as of June 30, 2021, that will be carried over into the 2021-22 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2020-21 the SBCSS had acquired $2.8 million in new capital assets, related to construction in progress, site improvements, buildings, and equipment purchases. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was $7.5 million.

Table A-4: Capital Assets at Year End, Net of Depreciation

	Governmental Activities		Variance Increase
	2021	2020*	(Decrease)
Land	$ 21,535,184	$ 21,535,184	$ -
Improvement of sites	5,362,582	5,700,348	(337,766)
Buildings	114,910,720	118,459,812	(3,549,092)
Equipment	6,001,346	6,801,792	(800,446)
Construction in progress	1,458,571	2,211,255	(752,684)
Total	$ 149,268,403	$ 154,708,391	$ (5,439,988)

**As restated*

Long-Term Debt

At year-end the SBCSS had $24.5 million in long term debt other than pensions – a decrease of 1.5% from last year – as shown in Table A-5. (More detailed information about the SBCSS's long-term liabilities is presented in Note 7 to the financial statements).

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Table A-5: Outstanding Long-Term Debt at Year-End

	Governmental Activities		Variance Increase
	2021	2020	(Decrease)
Early retirement incentive	$ 208,159	$ 4,152,247	$ (3,944,088)
Compensated absences	3,652,028	4,199,680	(547,652)
Other postemployment benefits	20,642,098	16,530,738	4,111,360
Total	$ 24,502,285	$ 24,882,665	$ (380,380)

Net pension liability increased during the year by $26.3 million.

FACTORS BEARING ON THE SUPERINTENDENT'S FUTURE

The State Legislature Passed a Final Budget Package on June 28, 2021. The final budget package largely reflected the Legislature's approach on State Appropriations Limit (SAL)-related choices and choices to use funding from the American Rescue Plan (ARP) to offset General Fund costs. The budget package assumes that 2021-22 will end with nearly $21 billion in total reserves. This consists of: (1) $15.8 billion in the Budget Stabilization Account (BSA), (2) $4 billion in Special Fund for Economic Uncertainties, and (3) $900 million in the Safety Net Reserve, which is available for spending on the state's safety net programs, like Medi-Cal. In addition, the Proposition 98 Reserve (dedicated to school and community college spending) would reach $4.5 billion under the spending plan.

Budget Also Commits $27 Billion in ARP Fiscal Relief Funds
The ARP included $350 billion in flexible funding to state and local governments for fiscal recovery in the Coronavirus State Fiscal Recovery Fund. Of this total, California's state government received about $27 billion. The state has until December 31, 2024 to use the funds for any of the following purposes: (1) to respond to the public health emergency or negative economic impacts associated with the emergency; (2) to support essential work; (3) to backfill a reduction in total revenues that have occurred relative to the pre-pandemic trajectory; or (4) for water, sewer, or broadband infrastructure.

Significant Increase in School and Community College Funding
Proposition 98 (1988) established the minimum annual funding level for schools and community colleges. This funding requirement depends upon various formulas that adjust for several factors, including changes in state General Fund revenue. For 2020-21, the minimum requirement is up $22.5 billion (31.8 percent) compared with the estimates made in June 2020. This increase represents the largest upward revision since the passage of Proposition 98 and is due to higher General Fund revenue estimates. For 2021-22, the minimum requirement increases by an additional $309 million (0.3 percent) relative to the revised 2020-21 level.

FACTORS BEARING ON THE SUPERINTENDENT'S FUTURE (continued)

Makes Required Reserve Deposit, Pays Down Deferrals, and Funds New Programs
When the minimum funding requirement is growing quickly, the Constitution requires the state to deposit some of the available funding into a statewide reserve account for schools and community colleges. Under the June 2021 budget plan, the total required deposit is $4.5 billion—$1.9 billion in 2020-21 and $2.6 billion in 2021-22. The largest discretionary allocation of Proposition 98 funding is $12.5 billion to pay down the deferrals the state adopted as part of the June 2020 budget plan. Beginning in 2021-22, schools and community colleges will receive all of their funding according to the regular monthly payment schedule. The budget allocates the remaining funds for significant one-time and ongoing program increases. For schools, these augmentations focus on providing academic support for disadvantaged students, reopening schools and addressing learning loss, enhancing the education workforce, and implementing new curriculum or instructional practices in certain subjects. The community college augmentations focus on increasing the number of full-time faculty, addressing deferred maintenance at campus facilities, and funding basic student needs (including mental health services). The budget also provides a 5.07 percent baseline increase for the primary school and community college funding formulas.

Eliminates Supplemental Payments but Establishes Multiyear Plan to Fund Universal Transitional Kindergarten
Trailer legislation adopted in June 2020 would have required the state to make payments to schools and community colleges on top of the minimum funding requirement beginning in 2021-22. These supplemental payments were intended to accelerate the recovery of school funding from the decline the state anticipated last June. In recognition of the significant revenue increases (and ensuing increases in the guarantee) that have occurred since that time, the June 2021 budget plan repeals these payments. The budget, however, makes another commitment that will increase funding for schools—above the existing minimum requirement—on an ongoing basis. Specifically, it establishes a plan to make all four-year olds eligible for Transitional Kindergarten by 2025-26. (Currently, only children born between September 2 and December 2 are eligible.) The Legislature and the Governor have reached an agreement to cover the associated costs—approximately $2.7 billion at full implementation—by adjusting the Proposition 98 formulas to increase the share of General Fund revenue allocated to schools.

Meanwhile, the new Delta variant continues to wreak havoc on school re-openings throughout California, as infection rates are on the rise. Complicating matters more is the new requirement that quarantined students no longer have the option of distance learning, but must instead be enrolled in independent study. All independent study programs have to demonstrate satisfactory educational progress, provide a plan for synchronous instruction, reflect grade-level standards, develop procedures for re-engaging students who are having trouble participating and provide a plan to transition students back to in-person instruction when their families wish to do so. The trailer bill language also addressed communication with students and families, the requirements of written independent study agreements and resources that must be provided to students. Counties can seek a waiver but only if certain conditions are met.

All of these factors were considered in preparing the SBCSS's budget for the 2021-22 fiscal year.

CONTACTING THE SBCSS'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the San Bernardino County Superintendent of Schools' finances and to demonstrate the San Bernardino County Superintendent of Schools' accountability for the money it receives. If you have questions about this report or need additional financial information, contact Internal Business Services, 760 East Brier Drive, San Bernardino, CA 92408, (909) 386-9520.

SAN BERNARDINO COUNTY SUPERINTENDENT OF SCHOOLS

Statement of Net Position
June 30, 2021

	Governmental Activities
ASSETS	
Deposits and investments	$ 98,327,988
Accounts receivable	168,870,068
Inventories	197,836
Prepaid expenses	2,528,975
Capital assets:	
Non-depreciable assets	22,993,755
Depreciable assets	211,342,905
Less accumulated depreciation	(85,068,257)
Total assets	419,193,270
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	70,669,401
Deferred outflows related to OPEB	7,182,762
Total deferred outflows of resources	77,852,163
LIABILITIES	
Accounts payable	133,664,994
Unearned revenues	1,558,484
Long-term debt other than pensions:	
Portion due or payable within one year	208,159
Portion due or payable after one year	24,294,126
Net pension liability	270,935,482
Total liabilities	430,661,245
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	10,664,086
Deferred outflows related to OPEB	2,094,705
Total deferred outflows of resources	12,758,791
NET POSITION	
Net investment in capital assets	149,268,403
Restricted for:	
Capital projects	2,615,910
Categorical programs	57,376,250
Unrestricted	(155,635,166)
Total net position	$ 53,625,397

SAN BERNARDINO COUNTY SUPERINTENDENT OF SCHOOLS

Statement of Activities

For the Fiscal Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position
Governmental Activities:					
Instructional Services:					
Instruction	$ 118,724,526	$ 16,008,744	$ 92,827,109	$ 1,298	$ (9,887,375)
Instruction-Related Services:					
Supervision of instruction	61,343,286	9,845,512	32,879,938	-	(18,617,836)
Instructional library, media and technology	169,911	-	159,535	-	(10,376)
School site administration	9,374,116	371,384	5,727,953	-	(3,274,779)
Pupil Support Services:					
Home-to-school transportation	6,949,395	1,407,902	1,341,680	-	(4,199,813)
Food services	2,500	-	-	-	(2,500)
All other pupil services	57,041,034	11,677,092	39,662,861	-	(5,701,081)
General Administration Services:					
Data processing services	12,691,851	4,954,622	4,900,487	-	(2,836,742)
Other general administration	38,675,521	4,177,990	13,056,089	-	(21,441,442)
Plant Services	5,897,289	177,114	1,677,303	-	(4,042,872)
Ancillary services	1,175,817	-	11,941	-	(1,163,876)
Community Services	4,757,110	64,310	4,590,451	-	(102,349)
Enterprise activities	244,768	114,712	109,316	-	(20,740)
Other Outgo	180,258,465	6,537,954	155,727,341	-	(17,993,170)
Depreciation (unallocated)	7,528,982	-	-	-	(7,528,982)
Total governmental activities	$ 504,834,571	$ 55,337,336	$ 352,672,004	$ 1,298	(96,823,933)
	General Revenues:				
	Property taxes				25,130,114
	Federal and state aid not restricted to specific purpose				57,103,659
	Interest and investment earnings				929,715
	Interagency revenues				5,297,751
	Miscellaneous				5,304,544
	Total general revenues				93,765,783
	Change in net position				(3,058,150)
	Net position - July 1, 2020, as originally stated				55,032,848
	Restatement - adjustment for restatement (Note 6)				1,650,699
	Net position - July 1, 2020, as restated				56,683,547
	Net position - June 30, 2021				$ 53,625,397

SAN BERNARDINO COUNTY SUPERINTENDENT OF SCHOOLS

Balance Sheet – Governmental Funds

June 30, 2021

	County School Service Fund	Special Education Pass-Through Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Deposits and investments	$ 86,476,410	$ 95,889	$ 11,755,689	$ 98,327,988
Accounts receivable	78,527,079	85,823,402	4,519,587	168,870,068
Due from other funds	448,544	194,726	3,548,391	4,191,661
Inventories	197,836	-	-	197,836
Prepaid expenditures	2,528,975	-	-	2,528,975
Total Assets	$ 168,178,844	$ 86,114,017	$ 19,823,667	$ 274,116,528
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 44,246,001	$ 86,085,895	$ 3,333,098	$ 133,664,994
Due to other funds	3,743,117	28,122	420,422	4,191,661
Unearned revenue	1,558,484	-	-	1,558,484
Total Liabilities	49,547,602	86,114,017	3,753,520	139,415,139
Fund Balances				
Nonspendable	2,756,811	-	-	2,756,811
Restricted	54,159,835	-	5,832,325	59,992,160
Committed	-	-	10,223,296	10,223,296
Assigned	55,155,094	-	14,526	55,169,620
Unassigned	6,559,502	-	-	6,559,502
Total Fund Balances	118,631,242	-	16,070,147	134,701,389
Total Liabilities and Fund Balances	$ 168,178,844	$ 86,114,017	$ 19,823,667	$ 274,116,528

SAN BERNARDINO COUNTY SUPERINTENDENT OF SCHOOLS

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2021

Total fund balances - governmental funds			$ 134,701,389
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.			
	Capital assets at historical cost	$ 234,336,660	
	Accumulated depreciation	(85,068,257)	
	Net:		149,268,403
In governmental funds, deferred outflows and inflows of resources related to other postemployment benefits (OPEB) are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources related to OPEB are reported.			
	Deferred outflows of resources from OPEB		7,182,762
	Deferred inflows of resources from OPEB		(2,094,705)
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.			
	Deferred outflows of resources relating to pensions		70,669,401
	Deferred inflows of resources relating to pensions		(10,664,086)
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:			
	Early retirement incentive	208,159	
	Compensated absences	3,652,028	
	Other postemployment benefits	20,642,098	(24,502,285)
The net pension liability is not due and payable in the current reporting period, and therefore is not reported as a liability in the fund financial statements.			(270,935,482)
Total net position - governmental activities			$ 53,625,397

SAN BERNARDINO COUNTY SUPERINTENDENT OF SCHOOLS

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2021

	County School Service Fund	Special Education Pass-Through Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
LCFF sources	$ 61,395,543	$ -	$ 3,000,000	$ 64,395,543
Federal sources	34,835,761	50,170,311	1,852,813	86,858,885
Other state sources	127,623,580	90,355,366	13,670,660	231,649,606
Other local sources	122,143,747	-	603,382	122,747,129
Total Revenues	345,998,631	140,525,677	19,126,855	505,651,163
EXPENDITURES				
Current:				
Instruction	108,222,066	-	8,188,772	116,410,838
Instruction-related services:				
Supervision of instruction	57,333,062	-	719,937	58,052,999
Instructional library, media and technology	169,769	-	-	169,769
School site administration	8,975,047	-	-	8,975,047
Pupil support services:				
Home-to-school transportation	6,879,254	-	-	6,879,254
Food services	2,500	-	-	2,500
All other pupil services	53,157,727	-	-	53,157,727
Ancillary services	1,129,424	-	-	1,129,424
Community services	7,607	-	4,657,187	4,664,794
Enterprise activities	219,851	-	-	219,851
General administration services:				
Data processing services	11,629,934	-	-	11,629,934
Other general administration	37,111,290	-	-	37,111,290
Plant services	7,414,333	-	(801,735)	6,612,598
Transfers of indirect costs	(573,318)	-	573,318	-
Capital outlay	-	-	751,581	751,581
Intergovernmental transfers	39,464,095	140,525,677	-	179,989,772
All other outgo	-	-	268,692	268,692
Total Expenditures	331,142,641	140,525,677	14,357,752	486,026,070
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,855,990	-	4,769,103	19,625,093
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	44,475	-	-	44,475
Interfund transfers out	-	-	(44,475)	(44,475)
Total Other Financing Sources and Uses	44,475	-	(44,475)	-
Net Change in Fund Balances	14,900,465	-	4,724,628	19,625,093
Fund Balances, July 1, 2020	103,730,777	-	11,345,519	115,076,296
Fund Balances, June 30, 2021	$ 118,631,242	$ -	$ 16,070,147	$ 134,701,389

SAN BERNARDINO COUNTY SUPERINTENDENT OF SCHOOLS

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the Fiscal Year Ended June 30, 2021

Total net change in fund balances - governmental funds			$ 19,625,093
Amounts reported for governmental activities in the statement of activities are different because:			
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:			
	Expenditures for capital outlay	2,827,564	
	Depreciation expense	(7,528,982)	(4,701,418)
In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:			(738,570)
In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between accrual basis OPEB costs and actual employer contributions was:			(2,479,636)
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual basis pension costs and actual employer contributions was:			(19,255,359)
In the statement of activities, certain operating expenses such as compensated absences and early retirement incentives, for example, are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually *paid*).			4,491,740
Change in net position of governmental activities			$ (3,058,150)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

San Bernardino County Superintendent of Schools (the "SBCSS") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the SBCSS conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

A. Reporting Entity

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 SBCSS consists of all funds, departments, and agencies that are not legally separate from the SBCSS. For the SBCSS, this includes general operations, food service, and student-related activities of the SBCSS.

Component units are legally separate organizations for which the SBCSS is financially accountable. Component units may also include organizations that are fiscally dependent on the SBCSS, in that the SBCSS approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the SBCSS is not financially accountable but the nature and significance of the organization's relationship with the SBCSS is such that exclusion would cause the SBCSS's financial statements to be misleading or incomplete.

The SBCSS has identified no organizations that are required to be reported as component units.

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

County-Wide Financial Statements
The Statement of Net Position and the Statement of Activities display information about the primary government (the SBCSS). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the SBCSS's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) 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, including all taxes, are presented as general revenues.

Fund Financial Statements
The fund financial statements provide information about the SBCSS's funds. Separate statements for each fund category - *governmental*, *proprietary*, and *fiduciary* - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Fund Financial Statements (continued)
Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Major Governmental Funds
The SBCSS maintains the following major governmental funds:

County School Service Fund: This is the chief operating fund for the SBCSS. It is used to account for the ordinary operations of the SBCSS. All transactions except those accounted for in another fund are accounted for in this fund. The SBCSS also maintains a Special Reserve Fund for Postemployment Benefits. The Special Reserve Fund for Postemployment Benefits are not substantially composed of restricted or committed revenue sources. Because this fund does not meet the definition of a special revenue fund under GASB 54, the activity in the funds is being reported within the County School Service Fund.

Special Education Pass-Through Fund: This fund is maintained by the Administrative Unit (AU) of a multi-LEA Special Education Local Plan Area (SELPA) to account for Special Education revenue passed through to other member Local Education Agencies (LEAs).

Non-Major Governmental Funds
The SBCSS maintains the following non-major governmental funds:

Special Revenue Funds: Special revenue funds are established 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.

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs.

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

Forest Reserve Fund: This fund is used to account for money received for federal forest reserve funds and distributed to participating school districts.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

Capital Projects Funds: Capital projects funds are established 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).

County School Facilities Fund: This fund is used primarily to account 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 17070.10 et seq.).

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (*Education Code* Section 42840). This fund may also be used to account for any other revenues specifically for capital projects that are not restricted to fund 21, 25, 30, 35, or 49.

2. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resource or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Exceptions to this general rule are payments-in-lieu of taxes and other charges between the SBCSS's proprietary funds and various other functions of the SBCSS. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

3. 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. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California Counties and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state-aid apportionments, the California Department of Education has defined available for Counties as collectible within one year.

The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the SBCSS 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 requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

C. Budgetary Data

The budgetary process is prescribed by provisions of the California *Education Code* and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The SBCSS governing board satisfied these requirements. 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. For budget purposes, on behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

D. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

The SBCSS considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

2. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

3. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description	Estimated Lives
Buildings and Improvements	25-50 years
Furniture and Equipment	5-20 years
Vehicles	8 years

4. Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the SBCSS prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the SBCSS has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

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

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

6. Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated vacation balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

7. 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 SBCSS Plan and CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, the Plans recognize 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.

8. 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 SBCSS's California State Teachers Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) plans and addition 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. Investments are reported at fair value.

9. Fund Balances

The fund balance for Governmental Funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The SBCSS's highest decision-making level of authority rests with the SBCSS's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

9. Fund Balances (continued)

Assigned: Resources that are constrained by the SBCSS's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. The SBCSS through a formal action has given authority to the Assistant Superintendent, Business Services and Director, Internal Business Services to assign amounts for a specific purpose that is neither restricted nor committed.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the SBCSS for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the SBCSS's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

10. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

  When both restricted and unrestricted resources are available for use, it is the SBCSS's policy to use restricted resources first, then unrestricted resources as they are needed.

F. Minimum Fund Balance Policy

The SBCSS has adopted a formal minimum fund balance policy, as recommended by GASB Statement No. 54. The SBCSS follows the guidelines recommended in the Criteria and Standards of Assembly Bill (AB) 1200, which recommend a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than two percent of total General Fund expenditures and other financing uses.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the SBCSS considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the SBCSS 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Property Tax Calendar

The San Bernardino County Assessor-Recorder-Clerk and Auditor-Controller/Treasurer/Tax Collector is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County of San Bernardino. Property taxes are levied as of September 1 on property values assessed on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and is delinquent with penalties on December 10, and the second is generally due on February 1 and is delinquent with penalties on April 10. Secured property taxes become a lien on the property on January 1.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

I. New GASB Pronouncements

The following Statements have been implemented as of June 30, 2021:

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

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

2. In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests-An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. New GASB Pronouncement (continued)

2. (Continued)
   This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit.

   The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

J. Future Accounting Pronouncements

GASB pronouncements which will be effective in future periods, are as follows:

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

   The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

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

   This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

   As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Future Accounting Pronouncements (continued)

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

   The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

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

   The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Future Accounting Pronouncements (continued)

4. (continued)
   The requirements of this Statement are effective as follows:

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

   Earlier application is encouraged and is permitted by topic.

5. In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates.* Some governments have entered into agreements in which variable payments made or received depending on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

   The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

6. In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction.

   The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

NOTE 2 – DEPOSITS AND INVESTMENTS

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

Governmental funds/activities	$	98,327,988
Total deposits and investments	$	98,327,988

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

Cash on hand and in banks	$	30,000
Investments		98,297,988
Total deposits and investments	$	98,327,988

Pooled Funds
In accordance with Education Code Section 41001, the SBCSS maintains substantially all of its cash in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the SBCSS's deposits are maintained in a recognized pooled investment fund under the care of a third party and the SBCSS's share of the pool does not consist of specific, identifiable investment securities owned by the SBCSS, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2021, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Custodial Credit Risk – Deposits
Custodial credit risk is the risk that in the event of a bank failure, the SBCSS's deposits may not be returned to it. The SBCSS does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

As of June 30, 2021, none of the SBCSS's bank balance was exposed to custodial credit risk because it was insured by the FDIC.

Investments - Interest Rate Risk
The SBCSS has fiduciary responsibility for any funds invested outside the County Treasury and is subject to prudent investor standards for investment decisions.

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Investments - Interest Rate Risk (continued)

Maturities of investments held at June 30, 2021, consisted of the following:

			Maturity		
	Rating	Reported Amount	Less Than One Year	One Year Through Five Years	Fair Value Measurement
Investment maturities:					
County Investment Pool	N/A	$ 98,297,988	$ 98,297,988	$ -	Uncategorized

Investments - Credit Risk
The SBCSS's investment policy limits investment choices to obligations of local, state and federal agencies, commercial paper, certificates of deposit, repurchase agreements, corporate notes, banker acceptances, and other securities allowed by State Government Code Section 53600. At June 30, 2021, all investments represented governmental securities which were issued, registered and held by the SBCSS's agent in the SBCSS's name.

Investments - Concentration of Credit Risk
The SBCSS does not place limits on the amount it may invest in any one issuer. At June 30, 2021, the SBCSS had no investments outside of the County Treasury.

Fair Value Measurements
The SBCSS 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 SBCSS 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 SBCSS's own data. The SBCSS should adjust that date if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the SBCSS are not available to other market participants.

Uncategorized – Investments in the San Bernardino County Treasury Investment Pool are not measured using the input levels above because the SBCSS's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

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

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2021, consisted of the following:

	County School Service Fund	Special Education Pass-Through Fund	Non-Major Governmental Funds	Total Governmental Funds
Federal Government:				
Categorical aid programs	$ 3,682,923	$ -	$ 1,012,237	$ 4,695,160
Special education	5,731,496	52,987,889	-	58,719,385
Other Federal	119,935	-	-	119,935
State Government:				
LCFF - CY	5,042,428	-	-	5,042,428
Lottery	185,442	-	-	185,442
Special education	32,090,408	32,835,513	-	64,925,921
Categorical aid programs	1,444,412	-	3,459,156	4,903,568
Other State	528,847	-	-	528,847
Local:				
Other Local	29,701,188	-	48,194	29,749,382
	$ 78,527,079	$ 85,823,402	$ 4,519,587	$ 168,870,068

NOTE 4 – INTERFUND TRANSACTIONS

As described in Note 1(B)(1) and in accordance with GASB Statement No. 54, the Special Reserve Fund for Postemployment Benefits is reported within the County School Service Fund in these financial statements, therefore, all interfund activity between these funds has been removed from the fund financial statements.

A. Balances Due To/From Other Funds

Balances due to/from other funds at June 30, 2021, consisted of the following:

	Due from other funds			
	County School Service Fund	Special Education Pass-Through Fund	Non-Major Governmental Funds	Total Governmental Funds
County School Service Fund	$ -	$ 194,726	$ 3,548,391	$ 3,743,117
Special Education Pass-Through Fund	28,122	-	-	28,122
Non-Major Governmental Funds	420,422	-	-	420,422
Totals	$ 448,544	$ 194,726	$ 3,548,391	$ 4,191,661

County School Service Fund due to Special Education Pass-Through Fund for interest apportionment, passthrough of infant funding, and passthrough of Special Education apportionment	$ 194,726
County School Service Fund due to Child Development Fund for repayment of interest, year-end cleanup of resource balances, final grant to be received from funding agency, vendor refund, STRS and PERS adjustments, and indirect cost	234,961
County School Service Fund due to Deferred Maintenance Fund for reimbursement from COVID funds for prior eligible projects, and reserve for possible upcoming projects	3,313,430
Special Education Pass-Through Fund due to County School Service Fund for clearing of stale-dated warrant account	28,122
Child Development Fund due to County School Service Fund for indirect costs and postage charges	420,422
Total	$ 4,191,661

NOTE 4 – INTERFUND TRANSACTIONS (continued)

B. Transfers To/From Other Funds

Transfers to/from other funds for the year ended June 30, 2021, consisted of the following:

Transfer from Forest Reserve Fund to County School Service Fund for SBCSS portion of forest reserve apportionment	$ 44,475

NOTE 5 – FUND BALANCES

At June 30, 2021, fund balances of the SBCSS's governmental funds were classified as follows:

	County School Service Fund	Non-Major Governmental Funds	Total
Nonspendable:			
Revolving cash	$ 30,000	$ -	$ 30,000
Inventory	197,836	-	197,836
Prepaid expenditures	2,528,975	-	2,528,975
Total Nonspendable	2,756,811	-	2,756,811
Restricted:			
Categorical programs	54,159,835	305,460	54,465,295
Child development program	-	2,910,955	2,910,955
Capital projects	-	2,615,910	2,615,910
Total Restricted	54,159,835	5,832,325	59,992,160
Committed:			
Deferred maintenance program	-	10,223,296	10,223,296
Total Committed	-	10,223,296	10,223,296
Assigned:			
Postemployment benefits	13,287,911	-	13,287,911
Other assignments	41,867,183	14,526	41,881,709
Total Assigned	55,155,094	14,526	55,169,620
Unassigned:			
Reserve for economic uncertainties	6,800,000	-	6,800,000
Remaining unassigned balances	(240,498)	-	(240,498)
Total Unassigned	6,559,502	-	6,559,502
Total	$ 118,631,242	$ 16,070,147	$ 134,701,389

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

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

	Balance, July 1, 2020	Adjustments for restatements	Adjusted Balance, July 1, 2020	Additions	Deletions	Balance, June 30, 2021
Capital assets not being depreciated:						
Land	$ 21,535,184	$ -	$ 21,535,184	$ -	$ -	$ 21,535,184
Construction in progress	2,211,255	-	2,211,255	1,448,346	2,201,030	1,458,571
Total capital assets not being depreciated	23,746,439	-	23,746,439	1,448,346	2,201,030	22,993,755
Capital assets being depreciated:						
Improvement of sites	8,120,485	910,600	9,031,085	594,768	475,683	9,150,170
Buildings	183,988,916	740,099	184,729,015	1,844,942	261,897	186,312,060
Equipment	15,738,963	-	15,738,963	1,140,538	998,826	15,880,675
Total capital assets being depreciated	207,848,364	1,650,699	209,499,063	3,580,248	1,736,406	211,342,905
Accumulated depreciation for:						
Improvement of sites	(3,330,737)	-	(3,330,737)	(466,015)	(9,164)	(3,787,588)
Buildings	(66,269,203)	-	(66,269,203)	(5,140,919)	(8,782)	(71,401,340)
Equipment	(8,937,171)	-	(8,937,171)	(1,922,048)	(979,890)	(9,879,329)
Total accumulated depreciation	(78,537,111)	-	(78,537,111)	(7,528,982)	(997,836)	(85,068,257)
Total capital assets being depreciated, net	129,311,253	1,650,699	130,961,952	(3,948,734)	738,570	126,274,648
Governmental activity capital assets, net	$ 153,057,692	$ 1,650,699	$ 154,708,391	$ (2,500,388)	$ 2,939,600	$ 149,268,403

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS

Changes in long-term debt for the year ended June 30, 2021, were as follows:

	Balance, July 1, 2020	Additions	Deductions	Balance, June 30, 2021	Amount Due Within One Year
Early retirement incentive	$ 4,152,247	$ -	$ 3,944,088	$ 208,159	$ 208,159
Compensated absences	4,199,680	-	547,652	3,652,028	-
Other postemployment benefits	16,530,738	4,821,776	710,416	20,642,098	-
Total	$ 24,882,665	$ 4,821,776	$ 5,202,156	$ 24,502,285	$ 208,159

Liabilities are liquidated by the County School Service Fund for governmental activities, including compensated absences, postemployment benefits other than pensions, and early retirement incentives.

A. Collective Bargaining

Through a collective bargaining agreement with San Bernardino County Teachers Association, an early retirement incentive was offered to all employees who were at least .50 full time equivalent, at least 55 years of age and with at least 15 years of consecutive service with the organization. SBCSS is forecasting a net savings of $3,790,027 as a result of this agreement. SBCSS paid $3,944,088 in fiscal year 20-21 and will pay the remaining balance of $208,159 in fiscal year 2021-22.

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

B. Other Postemployment Benefits (OPEB) Liability

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

Pension Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
SBCSS Plan	$ 19,992,864	$ 7,182,762	$ 2,094,705	$ 2,524,794
MPP Program	649,234	-	-	649,234
Total	$ 20,642,098	$ 7,182,762	$ 2,094,705	$ 3,174,028

The details of each plan are as follows:

The SBCSS Plan

Plan Description

The SBCSS's single-employer defined benefit OPEB plan provides OPEB for eligible certificated, classified, and management employees of the SBCSS. The authority to establish and amend the benefit terms and financing requirements are governed by collective bargaining agreements with plan members. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

The Plan provides medical benefits to all full-time and part-time Certificated, Classified, and management employees who have reached age 55 and retire with at least 10 years of service. The duration of the benefits is attaining age 65 or eligibility for Medicare, whichever comes first. Under individual agreements with two retired management employees, the SBCSS covers 50% of the cost of medical, dental, vision, and life insurance for the employee and 25% of the cost of medical insurance only for the spouse. The SBCSS also covers 100% of the cost of medical, dental, vision, and life insurance for two retired board members.

Employees covered by benefit terms

At the June 30, 2019 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	80
Active employees	1,738
Total	1,818

Net OPEB Liability

The SBCSS's total OPEB liability of $19,992,864 for the Plan was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019.

Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2019
Inflation	2.75 percent
Salary increases	2.75 percent
Healthcare cost trend rates	4.00 percent per year

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

B. Other Postemployment Benefits (OPEB) Liability (continued)

The SBCSS Plan (continued)

Discount Rate
The discount rate used to measure the OPEB liability was 2.20%. The projection of cash flows used to determine the discount rate assumed that contributions will be made at rates equal to the expected benefit payments. Because the OPEB plan is unfunded, the discount rate reflects the required use of the Bond Buyer 20-bond Index.

Mortality Rates
Mortality rates were based on the following:

- Certificated: 2009 CalSTRS Mortality Table, created by the California State Teacher's Retirement System (CalSTRS)
- Classified: 2014 CalPERS Active Mortality for Miscellaneous Employees, created by the California Public Employees' Retirement System (CalPERS)

Changes in the Net OPEB Liability

	Total OPEB Liability
Balance at July 1, 2019	$ 16,530,738
Changes for the year:	
Service cost	1,572,720
Interest	593,666
Changes of assumptions	2,006,156
Benefit payments	(710,416)
Net changes	3,462,126
Balance at June 30, 2020	$ 19,992,864

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate
The following presents the net OPEB liability of the SBCSS, as well as what the SBCSS's net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

Discount Rate	OPEB Liability
1% decrease	$ 21,394,030
Current discount rate	$ 19,992,864
1% increase	$ 18,411,443

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

B. Other Postemployment Benefits (OPEB) Liability (continued)

The SBCSS Plan (continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates
The following presents the net OPEB liability of the SBCSS, as well as what the SBCSS's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

Healthcare Cost Trend Rate		OPEB Liability
1% decrease	$	18,650,223
Current trend rate	$	19,992,864
1% increase	$	21,502,445

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2021, the SBCSS recognized OPEB expense of $2,524,794. In addition, at June 30, 2021, the SBCSS reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
SBCSS contributions subsequent to the measurement date of the net OPEB liability	$ 694,392	$ -
Differences between expected and actual experience	-	1,863,643
Changes of assumptions	6,488,370	231,062
Total	$ 7,182,762	$ 2,094,705

The deferred outflow of resources related to contributions subsequent to the measurement date of the net OPEB liability will be recognized as a reduction to the net OPEB liability in the subsequent year. The deferred outflows and inflows of resources related to changes of assumptions and differences between expected and actual experience in the measurement of the total OPEB liability 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 current and prior measurement period is 13.8 years and 13.9 years for the 2017-18 measurement period.

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

B. Other Postemployment Benefits (OPEB) Liability (continued)

The SBCSS Plan (continued)

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	$ 537,543	$ 179,135
2023	537,543	179,135
2024	537,543	179,135
2025	537,543	179,135
2026	537,543	179,135
Thereafter	3,800,655	1,199,030
Totals	$ 6,488,370	$ 2,094,705

Medicare Premium Payment (MPP) Program

Plan Description
The MPP Program is a cost-sharing multiple-employer other postemployment benefit (OPEB) plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefit Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Medicare Premium Payment Program. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: https://www.calstrs.com/general-information/gasb-6768.

Benefits Provided
The MPP Program is a cost-sharing multiple-employer other postemployment benefit (OPEB) plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefit Fund. The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the Defined Benefit 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. Members who retire on or after July 1, 2012, are not eligible for coverage under the MPP Program.

As of June 30, 2020, 5,443 retirees participated in the MPP Program; however, the number of retired members who will participate in the program in the future is unknown as eligibility cannot be predetermined.

The MPP Program is funded on a pay-as-you-go basis from a portion of monthly employer contributions. In accordance with Education Code section 25930, contributions that would otherwise be credited to the Defined Benefit 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.

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

B. Other Postemployment Benefits (OPEB) Liability (continued)

Total OPEB Liability
At June 30, 2021, the SBCSS reported a liability of $649,234 for its proportionate share of the net OPEB liability for the MPP Program. The total OPEB liability for the MPP Program as of June 30, 2020, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total OPEB liability to June 30, 2020. The SBCSS's proportion of the net OPEB liability was based on a projection of the SBCSS's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school Counties and the State, actuarially determined. The SBCSS's proportions of the net OPEB liability for the two most recent measurement periods were:

	Percentage Share of MPP Program		
	Fiscal Year Ending June 30, 2021	Fiscal Year Ending June 30, 2020	Change Increase/ (Decrease)
Measurement Date	June 30, 2020	June 30, 2019	
Proportion of the Net OPEB Liability	0.153199%	0.145880%	0.007319%

For the year ended June 30, 2021, the SBCSS reported OPEB expense of $649,234.

Actuarial Assumptions and Other Inputs
The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2020
Valuation Date	June 30, 2019
Experience Study	June 30, 2014 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	2.21%
Healthcare Cost Trend Rates	4.5% for Medicare Part A, and 5.4% for Medicare Part B

Assumptions were made about future participation (enrollment) into the MPP Program as 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' ages increase. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility but are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 294 or an average of 0.18% of the potentially eligible population of 159,339.

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

NOTE 7 – LONG-TERM DEBT OTHER THAN PENSIONS (continued)

B. Other Postemployment Benefits (OPEB) Liability (continued)

Medicare Premium Payment (MPP) Program (continued)

Discount Rate

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

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

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

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

Discount Rate		MPP OPEB Liability
1% decrease	$	717,909
Current discount rate	$	649,234
1% increase	$	590,796

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

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

Medicare Cost Trend Rates		MPP OPEB Liability
1% decrease	$	588,682
Current trend rate	$	649,234
1% increase	$	718,940

NOTE 8 – PENSION PLANS

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

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

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 97,963,479	$ 31,242,775	$ 6,250,048	$ 14,893,645
CalPERS	172,972,003	39,426,626	4,414,038	31,905,976
Total	$ 270,935,482	$ 70,669,401	$ 10,664,086	$ 46,799,621

The details of each plan are as follows:

A. California State Teachers' Retirement System (CalSTRS)

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: https://www.calstrs.com/general-information/gasb-6768.

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 non-employer contributing entity to the STRP. The SBCSS contributes exclusively to the STRP Defined Benefit Program; thus, disclosures are not included for the other plans.

NOTE 8 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS)

Benefits Provided (continued)

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

	STRP Defined Benefit Program	
	On or before	On or after
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	60	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0%-2.4%	2.0%-2.4%
Required Member Contribution Rate	10.25%	10.205%
Required Employer Contribution Rate	16.15%	16.15%
Required State Contribution Rate	10.328%	10.328%

Contributions
Required member district and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In June 2019, California Senate Bill 90 (SB 90) was signed into law and appropriated approximately $2.2 billion in fiscal year 2018–19 from the state's General Fund as contributions to CalSTRS on behalf of employers. The bill requires portions of the contribution to supplant the amounts remitted by employers such that the amounts remitted will be 1.03 and 0.70 percentage points less than the statutorily required amounts due for fiscal years 2019–20 and 2020–21, respectively. The remaining portion of the contribution, approximately $1.6 billion, was allocated to reduce the employers' share of the unfunded actuarial obligation of the Defined Benefit Program.

The contribution rates for each program for the year ended June 30, 2021, are presented above, and the SBCSS's total contributions were $9,082,941.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2021, the SBCSS reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the SBCSS. The amount recognized by the SBCSS 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 SBCSS were as follows:

SBCSS's proportionate share of net pension liability	$	97,963,479
State's proportionate share of the net pension liability associated with the County		50,500,185
Total	$	148,463,664

NOTE 8 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS)

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

The net pension liability was measured as of June 30, 2020. The SBCSS's proportion of the net pension liability was based on a projection of the SBCSS'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 SBCSS's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2021	Fiscal Year Ending June 30, 2020	Change Increase/ (Decrease)
Measurement Date	June 30, 2020	June 30, 2019	
Proportion of the Net Pension Liability	0.101088%	0.094000%	0.007088%

For the year ended June 30, 2021, the SBCSS recognized pension expense of $14,893,645. In addition, the SBCSS recognized pension expense and revenue of $1,578,953 for support provided by the State. At June 30, 2021, the SBCSS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 9,082,941	$ -
Net change in proportionate share of net pension liability	8,685,800	2,066,011
Difference between projected and actual earnings on pension plan investments	3,748,347	1,421,299
Changes of assumptions	9,552,826	-
Differences between expected and actual experience	172,861	2,762,738
Total	$ 31,242,775	$ 6,250,048

The deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability 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 7 years.

NOTE 8 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)
Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	$ 5,609,993	$ 3,035,779
2023	5,154,061	1,420,391
2024	5,947,602	508,160
2025	2,520,709	568,813
2026	1,034,960	551,628
Thereafter	1,892,509	165,277
Total	$ 22,159,834	$ 6,250,048

Actuarial Methods and Assumptions
The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation Date	June 30, 2019
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price of 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 our 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.

The long-term investment rate of return assumption 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 investment staff and investment consultants as inputs 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.

NOTE 8 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Actuarial Methods and Assumptions (continued)
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 expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2020, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	42%	4.8%
Fixed Income	15%	3.6%
Real Estate	13%	6.3%
Private Equity	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%, which was unchanged from prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates in accordance with the rate increases. 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 expenses occur midyear. Based on those 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 the total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 148,009,170
Current discount rate (7.10%)	97,963,479
1% increase (8.10%)	56,643,713

NOTE 8 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

On Behalf Payments
The State of California makes contributions to CalSTRS on behalf of the SBCSS. These payments consist of State General Fund contributions to CalSTRS pursuant to Sections 22954 and 22955.1 of the Education Code and Public Resources Code Section 6217.5. In addition, California Senate Bill No. 90 (SB 90) was signed into law on June 27, 2019, and appropriated supplemental contributions. Under accounting principles generally accepted in the United States of America, these amounts are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the SBCSS for its proportionate share of the State's on-behalf contributions is $5,715,121.

B. California Public Employees Retirement System (CalPERS)

Plan Description
Qualified employees are eligible to participate in the Schools Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Schools Pool Accounting Report. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/employers/actuarial-resources/gasb.

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

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

	Schools Pool (CalPERS)	
	On or before	On or after
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0 – 2.5%	2.0 – 2.5%
Required Employee Contribution Rate	7.00%	7.00%
Required Employer Contribution Rate	20.70%	20.70%

NOTE 8 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Contributions
The benefits for the defined benefit pension plans are funded by contributions from members, employers, non-employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. In some circumstances, contributions are made by the employer to satisfy member contribution requirements. Member and employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Non-employer contributions are not expected each year, but when provided they are accrued for. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021 are presented above, and the total County contributions were $16,882,368.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
As of June 30, 2021, the SBCSS reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $172,972,003. The net pension liability was measured as of June 30, 2020. The SBCSS's proportion of the net pension liability was based on a projection of the SBCSS's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The SBCSS's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2021	Fiscal Year Ending June 30, 2020	Change Increase/ (Decrease)
Measurement Date	June 30, 2020	June 30, 2019	
Proportion of the Net Pension Liability	0.563737%	0.548000%	0.015737%

For the year ended June 30, 2021, the SBCSS recognized pension expense of $31,905,976. At June 30, 2021, the SBCSS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 16,882,368	$ -
Net change in proportionate share of net pension liability	5,406,607	90,289
Difference between projected and actual earnings on pension plan investments	7,924,476	4,323,749
Changes of assumptions	634,295	-
Differences between expected and actual experience	8,578,880	-
Total	$ 39,426,626	$ 4,414,038

NOTE 8 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)
The deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years.

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	$ 10,203,714	$ 3,479,547
2023	5,629,048	930,189
2024	3,898,076	4,302
2025	2,713,966	-
2026	99,454	-
Thereafter	-	-
Total	$ 22,544,258	$ 4,414,038

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

Valuation Date	June 30, 2019
Experience Study	1997-2015
Actuarial Cost Method	Entry age normal
Discount Rate	7.15%
Consumer Price of Inflation	2.50%
Wage Growth	Varies by entry age and service

Post-retirement mortality rates are based on CalPERS experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table.

NOTE 8 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Actuarial Methods and Assumptions (continued)
In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long- term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Real Return Years 1-10	Real Return Years 11+
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	(0.92%)

Discount Rate
The discount rate used to measure the total pension liability was 7.15%. The discount rate is not adjusted for administrative expenses. The fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for the pension plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 248,678,797
Current discount rate (7.15%)	172,972,003
1% increase (8.15%)	110,139,164

NOTE 8 – PENSION PLANS (continued)

C. Accumulated Program for Part-Time and Limited-Service Employees (APPLE)
As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The SBCSS has elected to use the Accumulated Program for Part-Time and Limited-Service Employees (APPLE) as its alternative plan.

D. Payables to the Pension Plans
At June 30, 2021, the SBCSS reported payables of $925,084 and $202,297 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2021.

NOTE 9 – JOINT VENTURES

The San Bernardino County Superintendent of Schools participates in four joint powers agreement (JPA) entities: California Education Computer Consortium (CECC), Southern California Schools Risk Management (SCSRM), Southern California Schools Employee Benefits Association (SCSEBA), and is a member of Schools Excess Liability Fund (SELF).

Each JPA is governed by a board consisting of representatives from each member district. Each governing board controls the operations of its JPA independent of any influence by the San Bernardino County Superintendent of Schools beyond the SBCSS's representation as a member district on the governing boards.

Each JPA is independently accountable for its fiscal matters. CECC develops and maintains an integrated financial/human resources/payroll software package serving members within California including the SBCSS. Each member pays fees to cover the costs of staffing and other expenses associated with administration of the JPA. SCSRM arranges for and provides workers' compensation coverage, general liability, and property coverage for all members, including the SBCSS through June 30, 2020. SCSEBA arranges for and provides health, dental, vision, and life insurance for all members, including the SBCSS. SELF arranges for and provides excess liability and workers' compensation coverage for all members, including the SBCSS for excess liability coverage. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in any of the four JPAs.

The relationship between the San Bernardino County Superintendent of Schools and the JPAs is such that none of the JPAs are a component unit of the SBCSS for financial reporting purposes.

Condensed audited financial information of the JPA's is shown below:

	CECC June 30, 2020	CSRM June 30, 2020	CSEBA June 30, 2020	SELF June 30, 2020
Total Assets and Deferred Outflows	$ 4,229,294	$ 100,159,605	$ 72,692,162	$ 174,933,796
Total Liabilities and Deferred Inflows	1,713,580	47,542,288	54,260,776	141,257,884
Total Net Position	$ 2,515,714	$ 52,617,317	$ 18,431,386	$ 33,675,912
Total Operating Revenues	$ 6,623,044	$ 54,391,409	$ 282,906,833	$ 72,262,424
Total Operating Expenses	6,366,856	56,021,474	277,940,732	64,133,389
Total Operating Income	256,188	(1,630,065)	4,966,101	8,129,035
Total Non-Operating Income	64,960	2,493,777	2,054,704	5,682,605
Change in Net Position	$ 321,148	$ 863,712	$ 7,020,805	$ 13,811,640

NOTE 10 – COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards, and Grants
The SBCSS has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

B. Construction Commitments
As of June 30, 2021, the SBCSS had commitments with respect to unfinished capital projects of approximately $244,639 to be paid from available construction funds.

C. Litigation
The SBCSS is involved in certain legal matters that arose out of the normal course of business. The SBCSS has not accrued liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30.

NOTE 11 – RISK MANAGEMENT

Property and Liability
The SBCSS and the County Board of Education CBOE are exposed to various risks of loss related to torts; theft, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2021, the SBCSS and CBOE participated in the CSRM JPA for primary insurance coverage attached higher limits with PRISM JPA for excess property and SELF JPA for excess liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation
For fiscal year 2020-21, the Superintendent was insured for workers' compensation through CSRM JPA. The SBCSS, along with all other JPA members, pay an experience based rate. CSRM is self-insured for the first $500,000 of claims with an excess coverage layer up to the statutory limits insured with PRISM JPA.

Employee Medical Benefits
The Superintendent has contracted through SCSEBA with Kaiser Permanente and Blue Shield to provide employee health, dental, vision, and life insurance.

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Required Supplementary Information

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SAN BERNARDINO COUNTY SUPERINTENDENT OF SCHOOLS

Budgetary Comparison Schedule – County School Service Fund
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Pos (Neg)
	Original	Final		
Revenues				
LCFF Sources	$ 54,630,856	$ 61,008,812	$ 61,395,543	$ 386,731
Federal Sources	28,323,167	53,259,537	34,835,761	(18,423,776)
Other State Sources	118,053,624	124,589,741	127,623,580	3,033,839
Other Local Sources	127,573,663	117,954,869	122,061,016	4,106,147
Total Revenues	328,581,310	356,812,959	345,915,900	(10,897,059)
Expenditures				
Current:				
Certificated Salaries	56,703,181	56,062,936	55,615,835	447,101
Classified Salaries	89,472,543	85,571,743	81,876,497	3,695,246
Employee Benefits	71,787,813	67,400,399	68,864,979	(1,464,580)
Books and Supplies	5,857,731	17,388,403	12,270,501	5,117,902
Services and Other Operating Expenditures	89,038,712	90,744,316	71,806,670	18,937,646
Capital Outlay	919,831	2,432,146	1,817,382	614,764
Other Outgo	11,037,208	22,583,485	38,890,777	(16,307,292)
Total Expenditures	324,817,019	342,183,428	331,142,641	11,040,787
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,764,291	14,629,531	14,773,259	143,728
Other Financing Sources and Uses				
Interfund Transfer In	40,709	40,709	44,475	3,766
Interfund Transfers Out	(736,078)	-	(1,935,000)	(1,935,000)
Total Other Financing Sources and Uses	(695,369)	40,709	(1,890,525)	(1,931,234)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	3,068,922	14,670,240	12,882,734	(1,787,506)
Fund Balances, July 1, 2020	88,938,782	92,460,597	92,460,597	-
Fund Balances, June 30, 2021	$ 92,007,704	$ 107,130,837	105,343,331	$ (1,787,506)
Other Fund Balances included in the Statement of Revenues, Expenditures and Changes in Fund Balances:				
Special Reserve Fund for Postemployment Benefits			13,287,911	
Total reported General Fund balance on the Statement of Revenues, Expenditures and Changes in Fund Balances:			$ 118,631,242	

See accompanying notes to required supplementary information.

SAN BERNARDINO COUNTY SUPERINTENDENT OF SCHOOLS
Budgetary Comparison Schedule – Special Education Pass-Through Fund
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Pos (Neg)
	Original	Final		
Revenues				
Federal Sources	$ 48,434,311	$ 48,429,117	$ 50,170,311	$ 1,741,194
Other State Sources	86,726,839	81,200,483	90,355,366	9,154,883
Other Local Sources	-	-	-	-
Total Revenues	135,161,150	129,629,600	140,525,677	10,896,077
Expenditures				
Intergovernmental Transfers	135,161,150	129,629,600	140,525,677	(10,896,077)
Total Expenditures	135,161,150	129,629,600	140,525,677	(10,896,077)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Fund Balances, July 1, 2020	-	-	-	-
Fund Balances, June 30, 2021	$ -	$ -	$ -	$ -

See accompanying notes to required supplementary information.

SAN BERNARDINO COUNTY SUPERINTENDENT OF SCHOOLS

Schedule of Proportionate Share of the Net Pension Liability
For the Fiscal Year Ended June 30, 2021

*Last Ten Fiscal Years**

	2020-19	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
CalSTRS							
SBCSS's proportion of the net pension liability	0.1011%	0.0940%	0.0950%	0.0940%	0.0910%	0.0980%	0.0860%
SBCSS's proportionate share of the net pension liability	$ 97,963,479	$ 84,897,040	$ 87,311,650	$ 86,931,200	$ 73,601,710	$ 65,977,520	$ 50,255,820
State's proportionate share of the net pension liability associated with the SBCSS	50,500,185	46,317,377	49,990,248	51,428,182	41,906,309	34,894,741	30,346,939
Totals	$ 148,463,664	$ 131,214,417	$ 137,301,898	$ 138,359,382	$ 115,508,019	$ 100,872,261	$ 80,602,759
SBCSS's covered-employee payroll	$ 55,085,257	$ 52,000,000	$ 50,000,000	$ 50,000,000	$ 47,000,000	$ 42,000,000	$ 43,000,000
SBCSS's proportionate share of the net pension liability as a percentage of its covered-employee payroll	177.84%	163.00%	175.00%	174.00%	157.00%	157.00%	117.00%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%	70%	74%	77%
CalPERS							
SBCSS's proportion of the net pension liability	0.5637%	0.5480%	0.5488%	0.5208%	0.5119%	0.5142%	0.5195%
SBCSS's proportionate share of the net pension liability	$ 172,972,003	$ 159,710,497	$ 146,327,357	$ 124,328,705	$ 101,100,567	$ 75,793,588	$ 58,975,899
SBCSS's covered-employee payroll	$ 81,951,544	$ 77,000,000	$ 73,000,000	$ 68,000,000	$ 62,000,000	$ 54,000,000	$ 53,000,000
SBCSS's proportionate share of the net pension liability as a percentage of its covered-employee payroll	211.07%	207.00%	200.00%	183.00%	163.00%	140.00%	111.00%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	72%	74%	79%	83%

* *This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

See accompanying notes to required supplementary information.

SAN BERNARDINO COUNTY SUPERINTENDENT OF SCHOOLS

Schedule of Pension Contributions

For the Fiscal Year Ended June 30, 2021

*Last Ten Fiscal Years**

	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15
CalSTRS							
Contractually required contribution	$ 9,082,941	$ 9,419,579	$ 8,489,826	$ 7,280,701	$ 6,232,500	$ 5,046,700	$ 3,736,883
Contributions in relation to the contractually required contribution	9,082,941	9,419,579	8,489,826	7,280,701	6,232,500	5,046,700	3,736,883
Contribution deficiency (excess):	$ -	$ -	$ -	$ -	$ -	$ -	$ -
SBCSS's covered-employee payroll	$ 56,241,118	$ 55,085,257	$ 52,000,000	$ 50,000,000	$ 50,000,000	$ 47,000,000	$ 42,000,000
Contributions as a percentage of covered-employee payroll	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS							
Contractually required contribution	$ 16,882,368	$ 16,161,664	$ 13,874,370	$ 11,312,169	$ 9,506,487	$ 7,439,089	$ 6,406,631
Contributions in relation to the contractually required contribution	16,882,368	16,161,664	13,874,370	11,312,169	9,506,487	7,439,089	6,406,631
Contribution deficiency (excess):	$ -	$ -	$ -	$ -	$ -	$ -	$ -
SBCSS's covered-employee payroll	$ 81,557,333	$ 81,900,000	$ 77,000,000	$ 73,000,000	$ 68,000,000	$ 62,000,000	$ 54,000,000
Contributions as a percentage of covered-employee payroll	20.700%	19.720%	18.060%	15.530%	13.890%	11.850%	11.770%

* *This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

SAN BERNARDINO COUNTY SUPERINTENDENT OF SCHOOLS

Schedule of Changes in the SBCSS's Total OPEB Liability and Related Ratios
For the Fiscal Year Ended June 30, 2021

	Last 10 Fiscal Years*			
	2019-20	**2018-19**	**2017-18**	**2016-17**
Total OPEB liability				
Service cost	$ 1,572,720	$ 1,049,269	$ 1,068,122	$ 1,039,535
Interest	593,666	477,982	452,676	384,495
Differences between expected and actual experience	-	(2,179,515)	-	-
Changes of assumptions or other inputs	2,006,156	5,411,926	(294,659)	-
Benefit payments	(710,416)	(565,525)	(535,981)	(515,366)
Net change in total OPEB liability	3,462,126	4,194,137	690,158	908,664
Total OPEB liability - beginning	16,530,738	12,336,601	11,646,443	10,737,779
Total OPEB liability - ending	$ 19,992,864	$ 16,530,738	$ 12,336,601	$ 11,646,443
Covered-employee payroll	$ 140,706,878	$ 136,941,000	$ 121,386,000	$ 107,409,000
Total OPEB liability as a percentage of covered-employee payroll	14.21%	12.07%	10.16%	10.84%

Notes to Schedule:
The discount rate was reduced from 3.50% to 2.20% for the most recent measurement period.

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

SAN BERNARDINO COUNTY SUPERINTENDENT OF SCHOOLS

Schedule of the SBCSS's Proportionate Share of the Net OPEB Liability – MPP Program
For the Fiscal Year Ended June 30, 2021

	Last 10 Fiscal Years*			
	2019-20	**2018-19**	**2017-18**	**2016-17**
SBCSS's proportion of net OPEB liability	0.1532%	N/A	N/A	N/A
SBCSS's proportionate share of net OPEB liability	$ 649,234	N/A	N/A	N/A
Covered-employee payroll	N/A	N/A	N/A	N/A
SBCSS's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(0.71%)	(0.81%)	0.40%	0.01%

Notes to Schedule:

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.

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule
The SBCSS 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 adoptions with the legal restriction that expenditures cannot exceed appropriations by major object account.

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

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

Schedule of the SBCSS's Proportionate Share of the Net Pension Liability
This schedule presents information on the SBCSS'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 SBCSS. In the future, as data becomes available, ten years of information will be presented.

Change in benefit terms – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

Change of assumptions **-** There were no changes in economic assumptions since the previous valuations for either CalSTRS or CalPERS.

Schedule of County Contributions
This schedule presents information on the SBCSS'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.

Schedule of Changes in the SBCSS's Total OPEB Liability and Related Ratios
This schedule presents information on the SBCSS's changes in the total OPEB liability, including beginning and ending balances, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

Change in benefit terms – There were no changes in benefit terms since the previous valuation.

Change of assumptions – Liability changes resulting from changes in economic and demographic assumptions are deferred based on the average working life. The discount rate was changed from 3.50 percent to 2.20 percent since the previous valuation.

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of the SBCSS's Proportionate Share of the Net OPEB Liability – MPP Program
This schedule presents information on the SBCSS'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.

Change in benefit terms – There were no changes in benefit terms since the previous valuation.

Change of assumptions – The discount rate was changed from 3.50 percent to 2.21 percent since the previous valuation.

Supplementary Information

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SAN BERNARDINO COUNTY SUPERINTENDENT OF SCHOOLS

Local Educational Agency Organization Structure
June 30, 2021

The San Bernardino County Superintendent of Schools provides educational services to school districts, school personnel, and other educational and private agencies within San Bernardino County through the County School Service Fund. In addition, the organization operates various programs including, but not limited to Special Education, Alternative Education, State Preschool, Special Education Workability, and Regional Occupational Programs. The SBCSS provides educational leadership to the school districts in San Bernardino County, as well as having direct control over schools and facilities for various special education programs, juvenile court schools, community schools and a regional occupational program. The SBCSS is also the administrative unit for the West End, East Valley, and Desert Mountain Special Education Local Plans.

SAN BERNARDINO COUNTY BOARD OF EDUCATION,
As of June 30, 2021

Member	Office	Term Expires
Kenneth Larson	President	November 2022
Laura Abernathy Mancha	Vice President	November 2024
Michael Gallo	Trustee	November 2022
Andrea De Leon	Trustee	November 2024
Rita Fernandez-Loof	Trustee	November 2022

ADMINISTRATION

Ted Alejandre,
Superintendent

Richard De Nava,
Assistant Superintendent, Business Services

Myrlene Pierre,
Assistant Superintendent, Student Services

William Roberts,
Assistant Superintendent, Human Resources

Miki Rene Inbody,
Assistant Superintendent, Education Support Services

Stephanie Houston, Ed.D.,
Assistant Superintendent, Innovation and Engagement

David Thurston,
Chief Technology Officer

SAN BERNARDINO COUNTY SUPERINTENDENT OF SCHOOLS

Schedule of Financial Trends and Analysis
For the Fiscal Year Ended June 30, 2021

County School Service Fund	(Budget) 2022 [2]	2021 [3]	2020	2019
Revenues and other financing sources	$ 346,834,951	$ 345,960,375	$ 302,824,143	$ 313,315,533
Expenditures	357,810,526	331,142,641	305,040,184	307,618,686
Other uses and transfers out	-	1,935,000	-	-
Total outgo	357,810,526	333,077,641	305,040,184	307,618,686
Change in fund balance (deficit)	(10,975,575)	12,882,734	(2,216,041)	5,696,847
Ending fund balance	$ 94,367,756	$ 105,343,331	$ 92,460,597	$ 94,676,638
Available reserves [1]	$ 7,200,000	$ 6,559,502	$ 6,775,000	$ 47,041,954
Available reserves as a percentage of total outgo	2.0%	2.0%	2.2%	15.3%
Total long-term debt	$ 295,229,608	$ 295,437,767	$ 269,490,202	$ 248,967,383
Average daily attendance at P-2	2,332	N/A	2,664	2,482

The County School Service Fund balance has increased by $10.7 million over the past two years. The fiscal year 2021-22 budget projects a decrease of $11.0 million. For a county of this size, the state recommends available reserves of at least the greater of 2% of total County School Service Fund expenditures, transfers out, and other uses (total outgo).

The SBCSS has incurred operating surpluses in two of the past three years, but anticipates an operating deficit during the 2021-22 fiscal year. Long-term debt has increased by $46.5 million over the past two years.

Average daily attendance increased by 182 ADA in 2019-20 compared to the previous year. The SBCSS did not report ADA in fiiscal 2020-21 and was funded on its 2019-20 ADA. Budgeted ADA for 2021-22 is 2,332.

[1] Available reserves consist of all unassigned fund balances in the County School Service Fund.

[2] As of November, 2021.

[3] The actual amounts reported in this schedule are for the County School Service Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Postemployment Benefits in accordance with the fund type definitions promulgated by GASB Statement No. 54.

SAN BERNARDINO COUNTY SUPERINTENDENT OF SCHOOLS
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
For the Fiscal Year Ended June 30, 2021

There were no differences between the Annual Financial and Budget Report and the Audited Financial Statements in any funds.

SAN BERNARDINO COUNTY SUPERINTENDENT OF SCHOOLS
Schedule of Charter Schools
For the Fiscal Year Ended June 30, 2021

Charter School	Charter Number	Included in Audit?
Desert Trails Preparatory Academy	1522	No
Norton Science and Language Academy	0903	No
Sycamore Academy of Science and Cultural Arts - Chino Valley	2036	No
Excelsior Charter	1910	No
Entrepreneur High School Fontana	2095	No

SAN BERNARDINO COUNTY SUPERINTENDENT OF SCHOOLS

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Forest Reserve	10.665	N/A		$ 304,693
State Administrative Matching Grants for the Supplemental				
Nutrition Assistance Program: Nutrition Education and Obesity Prevention	10.561	N/A		692,557
Total U.S. Department of Agriculture:				997,250
U.S. Department of Labor:				
Passed through California Dept. of Education (CDE):				
Workforce Innovation and Opportunity Act from Other Agencies	17.259	10055		264,036
U.S. Department of Treasury:				
Passed through California Dept. of Education (CDE):				
COVID-19 Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	10149	5,582,404	
Passed through County of San Bernardino				
COVID-19 Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	10149	14,669,463	
Total Coronavirus Relief Fund				20,251,867
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Every Student Succeeds Act (ESSA):				
Title I Cluster:				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	1,515,289	
Title I, Part D, Local Delinquent Programs	84.010	14357	1,204,927	
School Improvement Funding for LEAs	84.010	15438	224,529	
School Improvement Funding for COEs	84.010	15439	528,526	
Total Title I Cluster				3,473,271
Title II, Part A, Supporting Effective Instruction State Grant	84.367	14341		107,556
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396		153,938
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14681		144,797
Title IX, Part A, McKinney-Vento Homeless Assistance Grants	84.196	14332		293,630
Carl D. Perkins Career and Technical Education: Adult, Section 132	84.048	14894		81,512
Individuals with Disabilities Education Act (IDEA):				
Special Education Cluster:				
Local Assistance Entitlement, Part B, Sec 611	84.027	13379	51,159,302	
IDEA Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	109,815	
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	1,057,835	
IDEA Preschool Capacity Building, Part B, Sec 619	84.173A	13839	369	
IDEA Mental Health Average Daily Attendance Allocation, Part B, Sec 611	84.027A	15197	3,004,542	
Sp Ed Preschool Staff Development	84.173A	13431	7,217	
Sp Ed Alternate Dispute Resolution, Part B, Sec 611	84.173A	13007	113,465	
Total Special Education Cluster				55,452,545
Early Intervention Grants	84.181	23761		276,161
Passed through the California Department of Rehabilitation:				
Workability II, Transition Partnership Program	84.126	10006		1,627,612
California Career Innovations: Work Based Learning Initiative	84.421B	N/A		263,711
Passed through California Dept. of Education (CDE):				
COVID-19 Education Stabilization Fund:				
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	975,142	
ESSER - California Community Schools Partnership Program	84.425	15537	320,365	
Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C	15517	352,180	
Subtotal Education Stabilization Fund				1,647,687
Total U.S. Department of Education				63,522,420
U.S. Department of Health & Human Services:				
Passed through California Dept. of Education:				
Child Care Development Fund Cluster:				
Child Development Local Planning Councils	93.575	13946	32,774	
Child Development: Quality Improvement Activities	93.575	14130	1,007,645	
COVID-19 Coronavirus Response and Relief Supplemental Appropriations				
(CRRSA) Act one-time Stipend	93.575	15555	507,701	
Total Child Care Development Fund Cluster				1,548,120
Provider Relief Fund	93.498	N/A		275,192
Total U.S. Department of Health & Human Services				1,823,312
Total Expenditures of Federal Awards				$ 86,858,885

Of the Federal expenditures reported in the schedule, the SBCSS provided federal awards to subrecipients as follows:

Program Title	Federal Assistance Listing Number	Amount Provided to Subrecipients
Special Education Cluster (IDEA):		
Local Assistance Entitlement, Part B, Sec 611	84.027	$ 48,732,837
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	535,226
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	885,385
Sp Ed Preschool Staff Development	84.173A	2,427
Early Intervention Grants	84.181	14,436
COVID-19 Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	9,669,869
Forest Reserve	10.665	268,692
		$ 60,108,872

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Instructional Time
This schedule presents information on the number of instructional days offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 Part 26 of the *Education Code*.

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual financial report to the audited financial statements.

Schedule of 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.

Schedule of Expenditures of Federal Awards
The schedule of expenditures of Federal awards includes the Federal grant activity of the SBCSS and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. The SBCSS did not elect to use the ten percent de minimis indirect cost rate.

Other Independent Auditors' Reports

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NIGRO & NIGRO PC
A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Education
San Bernardino County Superintendent of Schools
San Bernardino, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Bernardino County Superintendent of Schools as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise San Bernardino County Superintendent of Schools' basic financial statements, and have issued our report thereon dated December 3, 2021.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered San Bernardino County Superintendent of Schools' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the San Bernardino County Superintendent of Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the San Bernardino County Superintendent of Schools' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the SBCSS's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

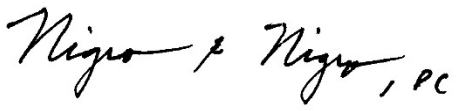
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether San Bernardino County Superintendent of Schools' financial statements are free of 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*.

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



Murrieta, California
December 3, 2021

NIGRO & NIGRO PC

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

Board of Education
San Bernardino County Superintendent of Schools
San Bernardino, California

Report on Compliance for Each Major Federal Program

We have audited San Bernardino County Superintendent of Schools' compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of San Bernardino County Superintendent of Schools' major federal programs for the year ended June 30, 2021. San Bernardino County Superintendent of Schools' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of San Bernardino County Superintendent of Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, San Bernardino County Superintendent of Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

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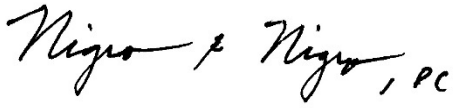
Report on Internal Control Over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Murrieta, California
December 3, 2021

NIGRO & NIGRO PC

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INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Education
San Bernardino County Superintendent of Schools
San Bernardino, California

Report on State Compliance
We have audited San Bernardino County Superintendent of Schools' compliance with the types of compliance requirements described in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the San Bernardino County Superintendent of Schools' state government programs as noted on the following page for the fiscal year ended June 30, 2021.

Management's Responsibility
Management is responsible for compliance with state laws, regulations, and the terms and conditions of its State programs.

Auditors' Responsibility
Our responsibility is to express an opinion on compliance for each of San Bernardino County Superintendent of Schools' state programs based on our audit of the types of compliance requirements referred to on the following page. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to on the following page that could have a direct and material effect on a state program occurred. An audit includes examining, on a test basis, evidence about San Bernardino County Superintendent of Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state program. However, our audit does not provide a legal determination of San Bernardino County Superintendent of Schools' compliance.

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

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Not Applicable
Instructional Time	Not Applicable
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Not applicable

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Description	Procedures Performed
Classroom Teacher Salaries	Not Applicable
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Not Applicable
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Charter Schools:	
Independent Study - Course Based	Not Applicable
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Charter School Facility Grant Program	Not Applicable

Unmodified Opinion on Compliance with State Programs

In our opinion, San Bernardino County Superintendent of Schools complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance with the compliance requirements referred to previously, which are required to be reported in accordance with the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* and which are described in the accompanying schedule of findings and questioned costs as Finding 2021-001. Our opinion on each state program is not modified with respect to these matters.

County's Response to Finding

San Bernardino County Superintendent of Schools' response to the compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. San Bernardino County Superintendent of Schools' response was not subjected to the auditing procedures in the audit of compliance and, accordingly, we express no opinion on the response.

Nigro & Nigro, PC

Murrieta, California
December 3, 2021

Schedule of Findings and Questioned Costs

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SAN BERNARDINO COUNTY SUPERINTENDENT OF SCHOOLS
Summary of Auditors' Results
For the Fiscal Year Ended June 30, 2021

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, Section 200.516(a)	No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
84.027, 84.027A, 84.173, 84.173A	Special Education Cluster
21.019	Coronavirus Relief Fund (CRF)
84.425, 84.425C, 84.425D	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:	$ 2,605,767
Auditee qualified as low-risk auditee?	Yes

State Awards

Type of auditors' report issued on compliance for state programs:	Unmodified

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards.* Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

Five Digit Code	AB 3627 Finding Types
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no financial statement findings in 2020-21.

This section identifies the audit findings required to be reported by the Uniform Guidance, Section 200.516 (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs in 2020-21.

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

Finding 2021-001: CALPADS Unduplicated Pupil Count (40000)
Partial repeat finding of 2020-001

Criteria: Supplemental and concentration grant amounts are calculated based on the percentage of "unduplicated pupils" enrolled in the LEA on Census Day (first Wednesday in October). The percentage equals:

- Unduplicated count of pupils who (1) are English learners, (2) meet income or categorical eligibility requirements for free or reduced-price meals under the National School Lunch Program, or (3) are foster youth. "Unduplicated count" means that each pupil is counted only once even if the pupil meets more than one of these criteria (EC sections 2574(b)(2) and 42238.02(b)(1)).
- Divided by total enrollment in the LEA (EC sections 2574(b)(1) and 42238.02(b)(5)). All pupil counts are based on Fall 1 certified enrollment reported in the CALPADS as of Census Day.

Condition: During our testing of the students who were designated as English Learners (EL) reported in the CALPADS 1.17 and 1.18 reports, we noted four students who were classified as English Learners but did not have documentation on file to support the designation prior to October 31.

Context: We noted four exceptions which were all found within the San Bernardino County Special Education Program. We extrapolated these errors across the unduplicated pupil count at that site. See calculation below:

	Unduplicated students tested	Audit exceptions	Error rate	Unduplicated population	Extrapolated exceptions
San Bernardino County Special Education	35	4	11%	65	7

Cause: The intricacies of student transitions into and out of County programs resulted in classification errors that were not corrected timely.

Effect: The error results in no loss of funding since the SBCSS is funded under its floor entitlement. A summary of the errors is as follows:

	CALPADS	Adjusted based on eligibility for: EL	Adjusted Total
Program/Site:			
San Bernardino County Special Education	1,156	(7)	1,149
Totals	1,156	(7)	1,149

Total enrollment of 2,046 was not affected by the finding.

Recommendation: We recommend that the SBCSS implement a procedure to review the CALPADS information prior to the reports submission to the California Department of Education.

Views of Responsible Officials: To resolve and prevent this finding in the future, staff will be trained in practices to ensure redesignation is documented and updated in the student information system and CALPADS in a timely manner. In addition, a cross-reference document will be created to assist in identifying students ready for designation based on the various evaluation tools used. An internal audit of all EL records will be conducted prior to Fall 1 certification to ensure all EL, redesignated, and Initially Fluent English Proficient students are properly identified and documented within the systems

SAN BERNARDINO COUNTY SUPERINTENDENT OF SCHOOLS

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2021

Original Finding No.	Finding	Code	Recommendation	Current Status
Finding 2020-001: Unduplicated Local Control Funding Formula Pupil Counts	One of the key elements of the local control funding formula (LCFF) is the targeting of certain disadvantaged student populations in the calculation of funding amounts to local educational agencies (LEAs). Specifically, the LCFF includes supplemental and concentration grants for targeted disadvantaged students. Targeted students are those classified as English learners (ELs), eligible to receive a free or reduced-price meal (FRPM), foster youth, or any combination of these factors (unduplicated count). County Offices of Education are required to submit pupil level records for the categories mentioned above for pupils funded pursuant to Education Code Sections 2574(c)(4)(A), 2574(c)(4)(B) and all other pupils using the California Longitudinal Pupil Achievement Data System (CalPADS). The data submitted will provide the bases for determining the unduplicated count of these targeted student populations. During the testing of the unduplicated count, it was noted that five of the students initially selected for testing were incorrectly identified as FRPM or English learners on the CalPADS report. Additional procedures were performed by the SBCSS to evaluate errors on the entire population and no additional errors were located. Additionally, the auditor selected an additional sample to verify the SBCSS's review and determine that there were no additional errors to report. The five errors were attributed to district funded students. The districts of residence of the students identified were Colton Joint Unified School District, Chaffey Joint Union High School District and Victor Valley Union High School District, Yucaipa-Calimesa Joint Unified School District and Redlands Unified School District.	40000	**Actions that will/have been taken to prevent future errors:** 1. On September 1, 2020 all programs operated by SBCSS Student Services transitioned to electronic/online annual data confirmation process through the Aeries student information system that includes household income information verification. Based on the questions related to household income a FRPM record is automatically created and parent submission is electronically documented. The following questions are included in the online process to capture accurate household income data: a. How many members are in your household? b. What is your monthly household income? 2. A report will be created prior to Fall 1 certification to ensure all FRPM eligible students have at least one of the following: a. An accompanying FRPM signed application in the student documents file b. Direct Certification data c. Parent data confirmation electronic documentation 3. Staff responsible for enrollment will be trained to review CalPADS for student English Language Learner status alignment upon enrollment and resolve any discrepancies within the enrollment process.	Partially implemented; see Finding 2021-001