

Financial Statements
June 30, 2025

San Bernardino City Unified School District

San Bernardino City Unified School District

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the San Bernardino City Unified School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 the San Bernardino City Unified School District, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of New Accounting Standard

As discussed in Note 17 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* for the year ended June 30, 2025. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2024 to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Expenditures of Federal Awards, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the Local Education Agency Organization Structure but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Ontario, California
February 19, 2026



SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICT

Making Hope Happen

Mauricio Arellano
Superintendent

Terry Comnick
Associate Superintendent, Business, Facilities, and Operations

This section of San Bernardino City Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2025, with comparative information for the year ending June 30, 2024. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

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

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

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

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

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

BUSINESS SERVICES

Government-Wide Financial Statements

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

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

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

In the Government-Wide financial statements, the District's activities are reported as follows:

Governmental Activities - The District reports all of its services in this category. This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

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

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

- We use Internal Service funds (the other kind of proprietary fund) to report activities that provide supplies and services for the District's other programs and activities. The District currently has one internal service fund - the Self-Insurance Fund.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$664,970,447 for the fiscal year ended June 30, 2025. Of this amount, \$(565,201,533) was unrestricted deficit. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use net position for day-to-day operations.

Table A-1

	Governmental Activities	
	2025	2024*
Assets		
Current and other assets	\$ 845,163,673	\$ 847,095,293
Capital assets	1,221,046,032	1,131,811,086
Total assets	2,066,209,705	1,978,906,379
Deferred outflows of resources	255,831,432	266,914,497
Liabilities		
Current liabilities	163,413,199	118,879,607
Long-term liabilities other than OPEB and pensions	640,078,144	484,184,580
Net OPEB liability	146,189,085	143,817,174
Aggregate net pension liability	629,885,315	682,209,601
Total liabilities	1,579,565,743	1,429,090,962
Deferred inflows of resources	77,504,947	58,385,645
Net Position		
Net investment in capital assets	874,467,570	787,500,779
Restricted	355,704,410	396,924,624
Unrestricted (deficit)	(565,201,533)	(426,081,134)
Total net position	\$ 664,970,447	\$ 758,344,269

* Amounts have not been restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 17 for further information.

Changes in Net Position

The District's total revenues decreased by \$166,743,397 (see Table A-2). State and Federal aid for specific programs contributed about 30 cents of every dollar raised. Another 66 cents of every dollar raised came from property taxes and State and Federal formula aid, and the remainder from fees charged for services and miscellaneous sources.

Table A-2

		Governmental Activities	
		2025	2024*
Revenues			
Program revenues			
Charges for services and sales	\$	10,257,638	\$ 10,494,726
Operating grants and contributions		327,740,394	502,604,573
Capital grants and contributions		20,799,081	20,466,408
General revenues			
Federal and State unrestricted		650,536,269	659,299,416
Property taxes		116,474,941	103,093,220
Other general revenues		37,619,880	34,213,257
Total revenues		<u>1,163,428,203</u>	<u>1,330,171,600</u>
Expenses			
Instruction-related		793,518,313	773,976,882
Pupil services		178,482,541	157,201,396
Administration		52,110,244	46,822,839
Plant services		111,208,218	98,476,415
Other services		44,369,976	41,018,072
Total expenses		<u>1,179,689,292</u>	<u>1,117,495,604</u>
Change in net position	\$	<u>(16,261,089)</u>	<u>\$ 212,675,996</u>

* The expenses for the year ended June 30, 2024 were not restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 17 for further information.

The total cost of all programs and services increased by \$62,193,688. The District's expenses are predominantly related to educating and caring for students (82.4%). The purely administrative activities of the District accounted for just 4.4% of total costs.

Total expenses were greater than revenues, decreasing net position by \$16,261,089 this fiscal year.

Governmental Activities

Revenues for the District's governmental activities were \$1,163,428,203, whereas total expenses were \$1,179,689,292. The decrease in net position for governmental activities occurred due to an overall decrease in revenues.

- Some of the District's activities (\$10,257,638) were financed by the users of the District's programs. See Table A-2.
- The Federal and State governments subsidized certain programs with grants and contributions (\$348,539,475). See Table A-2.

Net Cost of Services

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

- Most of the District's governmental activity net costs (\$820,892,179) were financed by District taxpayers and the taxpayers of our State.
- This portion of governmental activities was financed with \$116,474,941 in property taxes, and \$650,536,269 of unrestricted State and Federal aid based on the State-wide education aid formula. See Table A-2.

Table A-3

	Total Cost of Services		Net Cost of Services	
	2025	2024*	2025	2024*
Instruction-related	\$ 793,518,313	\$ 773,976,882	\$ (554,078,847)	\$ (460,442,468)
Pupil services	178,482,541	157,201,396	(110,511,243)	(73,363,773)
Administration	52,110,244	46,822,839	(42,089,508)	(16,129,038)
Plant services	111,208,218	98,476,415	(93,637,818)	(24,686,084)
Other services	44,369,976	41,018,072	(20,574,763)	(9,308,534)
Total	<u>\$ 1,179,689,292</u>	<u>\$ 1,117,495,604</u>	<u>\$ (820,892,179)</u>	<u>\$ (583,929,897)</u>

* The expenses for the year ended June 30, 2024 were not restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 17 for further information.

THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of \$551,069,521, a decrease of 10.0% from the previous year.

The District's General Fund decreased in fund balance by \$81,691,385. The District continues to meet the State required two percent fund balance reserve for Economic Uncertainties.

Table A-4

	Balances and Activity			
	July 1, 2024	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2025
General Fund	\$ 366,752,481	\$ 1,035,192,734	\$ 1,116,884,119	\$ 285,061,096
Building Fund	57,084,807	16,749,671	38,251,169	35,583,309
Capital Projects Fund for Blended Component Units	879,636	96,310,277	4,550,876	92,639,037
Student Activity Fund	2,259,727	3,205,068	3,224,293	2,240,502
Adult Education Fund	1,634,884	8,199,613	8,606,380	1,228,117
Child Development Fund	6,807,582	19,944,003	21,093,462	5,658,123
Cafeteria Fund	32,798,960	48,356,302	46,171,626	34,983,636
Capital Facilities Fund	3,116,296	3,051,077	2,757,030	3,410,343
County School Facilities Fund	2,344,156	20,812,864	15,867,293	7,289,727
Special Reserve Fund for Capital Outlay Projects	109,642,448	9,029,119	66,601,026	52,070,541
Bond Interest and Redemption Fund	29,246,166	59,027,221	57,368,297	30,905,090
Total	<u>\$ 612,567,143</u>	<u>\$ 1,319,877,949</u>	<u>\$ 1,381,375,571</u>	<u>\$ 551,069,521</u>

General Fund Budgetary Highlights

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

The District's final budget for the General Fund anticipated that expenditures would exceed revenues by \$212,924,055 and the actual results for the year show expenditures exceeding revenues by \$82,373,839.

Actual revenues were \$2,219,024 lower than expected, due primarily to lower Federal, State, and local sources.

The actual expenditures were \$132,769,240 under budget, due primarily to less spending on books and supplies and other operating expenditures.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2025, the District had \$1,221,046,032 in a broad range of capital assets (net of depreciation and amortization). Total depreciation and amortization expense for the year was \$44,665,440. (More detailed information about capital assets can be found in Note 5 to financial statements.)

Table A-5

	Governmental Activities	
	2025	2024
Land and construction in process	\$ 293,780,376	\$ 197,875,042
Buildings and improvements	894,619,475	913,039,462
Equipment	18,942,258	17,242,003
Right-to-use leased assets	587,289	41,197
Right-to-use subscription information technology assets	13,116,634	3,613,382
Total	<u>\$ 1,221,046,032</u>	<u>\$ 1,131,811,086</u>

Long-Term Liabilities

At the end of this year, the District had \$1,416,152,544 in long-term liabilities outstanding versus \$1,310,211,355 last year, an increase of 8.1%. Those long-term liabilities consisted of:

Table A-6

	Governmental Activities	
	2025	2024*
General obligation bonds - net (financed with property taxes)	\$ 363,995,132	\$ 376,752,416
Certificates of Participation - net of premium	166,102,259	78,742,096
Discount on issuance	(26,629)	(66,573)
Leases	594,334	40,699
Subscription-based information technology arrangements	1,047,803	1,144,851
Compensated absences	83,187,172	5,031,799
Claims liability	25,178,073	22,539,292
Net other postemployment benefits (OPEB) liability	146,189,085	143,817,174
Aggregate net pension liability	629,885,315	682,209,601
Total	<u>\$ 1,416,152,544</u>	<u>\$ 1,310,211,355</u>

* Amounts have not been restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 17 for further information.

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

At year-end, the District has a net OPEB liability of \$146,189,085 versus \$143,817,174 last year, an increase of \$2,371,911, or 1.6%.

At year-end, the District has a net pension liability of \$629,885,315 versus \$682,209,601 last year, a decrease of \$52,324,286, or 7.7%.

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

1. Since the Local Control Funding Formula is based on an improved or slow/no growth in the economy of the State of California, any volatility in revenues will impact the District's financial condition.
2. The District anticipates that its enrollment or Average Daily Attendance (2.1% decrease in 2023-2025) will decrease during fiscal year 2025-2026.
3. Collective bargaining.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

San Bernardino City Unified School District

Statement of Net Position

June 30, 2025

	Governmental Activities
Assets	
Deposits and investments	\$ 765,254,177
Receivables	77,626,269
Prepaid expense	420,826
Stores inventories	1,574,504
Lease receivables	287,897
Capital assets not depreciated or amortized	293,780,376
Capital assets, net of accumulated depreciation and amortization	<u>927,265,656</u>
Total assets	<u>2,066,209,705</u>
Deferred Outflows of Resources	
Deferred charge on refunding	4,927,464
Deferred outflows of resources related to OPEB	31,016,040
Deferred outflows of resources related to pensions	<u>219,887,928</u>
Total deferred outflows of resources	<u>255,831,432</u>
Liabilities	
Accounts payable	144,040,731
Accrued interest payable	5,602,923
Unearned revenue	13,769,545
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	61,833,141
OPEB liability due within one year	6,237,440
Long-term liabilities other than OPEB and pensions due in more than one year	578,245,003
Net other postemployment benefits (OPEB) liability due in more than one year	139,951,645
Aggregate net pension liability	<u>629,885,315</u>
Total liabilities	<u>1,579,565,743</u>
Deferred Inflows of Resources	
Deferred charge on refunding	1,001,358
Deferred inflows of resources related to OPEB	16,914,425
Deferred inflows of resources related to pensions	59,301,267
Deferred inflows of resources related to leases	<u>287,897</u>
Total deferred inflows of resources	<u>77,504,947</u>
Net Position	
Net investment in capital assets	874,467,570
Restricted for	
Debt service	25,302,167
Capital projects	10,700,070
Educational programs	167,715,837
Child nutrition	33,468,760
Self-insurance	110,817,906
Other activities	7,699,670
Unrestricted (deficit)	<u>(565,201,533)</u>
Total net position	<u>\$ 664,970,447</u>

San Bernardino City Unified School District

Statement of Activities Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction	\$ 664,558,869	\$ 2,433,381	\$ 190,496,193	\$ 20,799,081	\$ (450,830,214)
Instruction-related activities					
Supervision of instruction	49,767,146	47,691	17,705,725	-	(32,013,730)
Instructional library, media, and technology	5,023,216	116	298,447	-	(4,724,653)
School site administration	74,169,082	2,673,212	4,985,620	-	(66,510,250)
Pupil services					
Home-to-school transportation	50,429,222	245,439	1,306,379	-	(48,877,404)
Food services	44,982,024	665,232	45,869,606	-	1,552,814
All other pupil services	83,071,295	439,082	19,445,560	-	(63,186,653)
Administration					
Data processing	13,789,863	108,168	623,220	-	(13,058,475)
All other administration	38,320,381	345,317	8,944,031	-	(29,031,033)
Plant services	111,208,218	2,549,496	15,020,904	-	(93,637,818)
Ancillary services	3,224,293	-	3,205,068	-	(19,225)
Community services	19,468,194	8,971	14,948,402	-	(4,510,821)
Enterprise services	(4,849)	338	-	-	5,187
Interest on long-term liabilities	19,555,337	-	-	-	(19,555,337)
Other outgo	2,127,001	741,195	4,891,239	-	3,505,433
Total governmental activities	<u>\$ 1,179,689,292</u>	<u>\$ 10,257,638</u>	<u>\$ 327,740,394</u>	<u>\$ 20,799,081</u>	<u>(820,892,179)</u>
General revenues and subventions					
Property taxes, levied for general purposes					75,855,905
Property taxes, levied for debt service					26,721,156
Taxes levied for other specific purposes					13,897,880
Federal and State aid not restricted to specific purposes					650,536,269
Interest and investment earnings					30,950,328
Miscellaneous					6,669,552
Subtotal, general revenues and subventions					<u>804,631,090</u>
Change in Net Position					(16,261,089)
Net Position - Beginning, as previously reported					758,344,269
Adjustments (Note 17)					(77,112,733)
Net Position - Beginning, as restated					<u>681,231,536</u>
Net Position - Ending					<u>\$ 664,970,447</u>

San Bernardino City Unified School District

Balance Sheet – Governmental Funds

June 30, 2025

	General Fund	Building Fund	Capital Project Fund for Blended Component Units	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	\$ 363,715,203	\$ 40,586,657	\$ 95,657,288	\$ 131,970,180	\$ 631,929,328
Receivables	57,825,634	487,500	-	17,872,798	76,185,932
Due from other funds	2,171,471	-	-	2,436,598	4,608,069
Prepaid expenditures	420,826	-	-	-	420,826
Stores inventories	-	-	-	1,574,504	1,574,504
Lease receivables	-	-	-	287,897	287,897
Total assets	\$ 424,133,134	\$ 41,074,157	\$ 95,657,288	\$ 154,141,977	\$ 715,006,556
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 122,810,376	\$ 5,490,848	\$ 3,018,251	\$ 12,152,622	\$ 143,472,097
Due to other funds	4,133,249	-	-	2,274,247	6,407,496
Unearned revenue	12,128,413	-	-	1,641,132	13,769,545
Total liabilities	139,072,038	5,490,848	3,018,251	16,068,001	163,649,138
Deferred Inflows of Resources					
Deferred inflows of resources related to leases	-	-	-	287,897	287,897
Fund Balances					
Nonspendable	631,826	-	-	1,585,664	2,217,490
Restricted	167,715,837	35,583,309	92,639,037	82,773,590	378,711,773
Assigned	94,213,433	-	-	53,426,825	147,640,258
Unassigned	22,500,000	-	-	-	22,500,000
Total fund balances	285,061,096	35,583,309	92,639,037	137,786,079	551,069,521
Total liabilities, deferred inflows of resources, and fund balances	\$ 424,133,134	\$ 41,074,157	\$ 95,657,288	\$ 154,141,977	\$ 715,006,556

San Bernardino City Unified School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2025

Total Fund Balance - Governmental Funds \$ 551,069,521

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

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported as assets in
governmental funds.

The cost of capital assets is:	\$ 1,761,613,838
Accumulated depreciation and amortization is	<u>(540,567,806)</u>

Net capital assets	1,221,046,032
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An Internal Service Fund is used by the District's management to
charge the costs of the workers' compensation insurance program
to the individual funds. The assets and liabilities of the Internal
Service Fund are included with governmental activities in the
statement of net position.

110,817,906

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

(5,602,923)

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

Deferred charge on refunding	4,927,464
Net other postemployment benefits (OPEB) liability	31,016,040
Aggregate net pension liability	<u>219,887,928</u>

Total deferred outflows of resources	255,831,432
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Deferred inflows of resources represent an acquisition of net
position that applies to a future period and is not reported in
the governmental funds. Deferred inflows of resources amount
to and related to

Deferred charge on refunding	(1,001,358)
Net OPEB liability	(16,914,425)
Aggregate net pension liability	<u>(59,301,267)</u>

Total deferred inflows of resources	(77,217,050)
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Aggregate net pension liability is not due and payable in the current
period, and is not reported as a liability in the fund.

(629,885,315)

San Bernardino City Unified School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2025

The District's net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds. \$ (146,189,085)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of

General obligation bonds	\$ (299,021,964)
Premium on issuance	(22,294,442)
Certificates of participation	(155,795,000)
Discount on issuance	26,629
Leases	(594,334)
Subscription-based information technology arrangements	(1,047,803)
Compensated absences	(83,187,172)

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

(52,985,985)

Total long-term liabilities (614,900,071)

Total net position - governmental activities \$ 664,970,447

San Bernardino City Unified School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2025

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects
Revenues			
Local control funding formula (LCFF)	\$ 699,003,848	\$ -	
Federal sources	77,616,736	518,348	
Other state sources	210,385,754	-	
Other local sources	46,577,639	2,906,937	
Total revenues	<u>1,033,583,977</u>	<u>3,425,285</u>	
Expenditures			
Current			
Instruction	675,475,959	-	
Instruction-related activities			
Supervision of instruction	50,019,361	-	
Instructional library, media, and technology	5,053,799	-	
School site administration	71,680,004	-	
Pupil services			
Home-to-school transportation	50,514,937	-	
Food services	2,406,739	-	
All other pupil services	81,513,771	-	
Administration			
Data processing	16,261,977	-	
All other administration	36,842,937	-	
Plant services	104,311,496	-	
Ancillary services	-	-	
Community services	1,015,850	-	
Other outgo	2,127,001	-	
Enterprise services	6,978	-	
Facility acquisition and construction	13,215,905	30,817,899	
Debt service			
Principal	2,677,170	6,360,000	
Interest and other	2,833,932	1,065,462	
Total expenditures	<u>1,115,957,816</u>	<u>38,243,361</u>	
Deficiency of Revenues over Expenditures	<u>(82,373,839)</u>	<u>(34,818,076)</u>	
Other Financing Sources (Uses)			
Transfers in	-	13,324,386	
Other sources - leases	660,715	-	
Other sources - SBITAs	948,042	-	
Other sources - proceeds from issuance of general obligation bonds	-	-	
Other sources - premium on issuance of general obligation bonds	-	-	
Other sources - proceeds from issuance of certificates of participation	-	-	
Other sources - premium on issuance of certificates of participation	-	-	
Transfers out	(926,303)	(7,808)	
Other uses - payment to refunded GO bonds escrow agent	-	-	
Net Financing Sources (Uses)	<u>682,454</u>	<u>13,316,578</u>	
Net Change in Fund Balances	(81,691,385)	(21,501,498)	
Fund Balance - Beginning, as previously reported	366,752,481	57,084,807	109,642,448
Adjustments (Note 17)	-	-	(109,642,448)
Fund Balance - Beginning, as restated	<u>366,752,481</u>	<u>57,084,807</u>	
Fund Balances - Ending	<u>\$ 285,061,096</u>	<u>\$ 35,583,309</u>	

See Notes to Financial Statements

San Bernardino City Unified School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2025

	Capital Project Fund for Blended Component Units	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Local control funding formula (LCFF)	\$ -	\$ -	\$ 699,003,848
Federal sources	-	43,603,547	121,738,631
Other state sources	-	45,432,201	255,817,955
Other local sources	301,414	49,963,357	99,749,347
Total revenues	301,414	138,999,105	1,176,309,781
Expenditures			
Current			
Instruction	-	4,237,463	679,713,422
Instruction-related activities			
Supervision of instruction	-	377,211	50,396,572
Instructional library, media, and technology	-	-	5,053,799
School site administration	-	3,194,010	74,874,014
Pupil services			
Home-to-school transportation	-	-	50,514,937
Food services	-	44,326,541	46,733,280
All other pupil services	-	617,995	82,131,766
Administration			
Data processing	-	-	16,261,977
All other administration	-	2,434,356	39,277,293
Plant services	-	1,951,237	106,262,733
Ancillary services	-	3,224,293	3,224,293
Community services	-	18,712,943	19,728,793
Other outgo	-	-	2,127,001
Enterprise services	-	19,712	26,690
Facility acquisition and construction	3,557,584	71,052,281	118,643,669
Debt service			
Principal	-	16,315,000	25,352,170
Interest and other	993,292	10,608,381	15,501,067
Total expenditures	4,550,876	177,071,423	1,335,823,476
Deficiency of Revenues over Expenditures	(4,249,462)	(38,072,318)	(159,513,695)
Other Financing Sources (Uses)			
Transfers in	-	1,782,793	15,107,179
Other sources - leases	-	-	660,715
Other sources - SBITAs	-	-	948,042
Other sources - proceeds from issuance of general obligation bonds	-	28,340,000	28,340,000
Other sources - premium on issuance of general obligation bonds	-	2,503,369	2,503,369
Other sources - proceeds from issuance of certificates of participation	94,745,000	-	94,745,000
Other sources - premium on issuance of certificates of participation	1,263,863	-	1,263,863
Transfers out	-	(14,173,068)	(15,107,179)
Other uses - payment to refunded GO bonds escrow agent	-	(30,444,916)	(30,444,916)
Net Financing Sources (Uses)	96,008,863	(11,991,822)	98,016,073
Net Change in Fund Balances	91,759,401	(50,064,140)	(61,497,622)
Fund Balance - Beginning, as previously reported		79,087,407	612,567,143
Adjustments (Note 17)	879,636	108,762,812	-
Fund Balance - Beginning, as restated	879,636	187,850,219	612,567,143
Fund Balances - Ending	\$ 92,639,037	\$ 137,786,079	\$ 551,069,521

See Notes to Financial Statements

San Bernardino City Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
Year Ended June 30, 2025

Total Net Change in Fund Balances - Governmental Funds \$ (61,497,622)

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

Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which capital outlay exceeds depreciation and amortization expense in the period.

Capital outlay	\$	134,287,677
Depreciation and amortization expense		<u>(44,665,440)</u>

Net expense adjustment		89,622,237
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A loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds. (387,291)

Right-to-use leased assets acquired this year were financed with leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the leases are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position. (660,715)

Right-to-use subscription information technology assets acquired this year were financed with subscription-based information technology arrangements (SBITAs). The amount financed by the SBITAs is reported in the governmental funds as a source of financing. On the other hand, the SBITAs are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position. (948,042)

In the Statement of Activities, certain operating expenses - compensated absences is measured by the amounts earned during the year. In the governmental funds, however, expenditures for this item is measured by the amount of financial resources used (essentially, the amounts actually paid). Compensated absences earned was more than the amounts used by \$1,042,640. (1,042,640)

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows/inflows of resources and net pension liability during the year. 34,308,751

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows/inflows of resources and net OPEB liability during the year. (13,066,726)

Proceeds received from sale of certificates of participation are a revenue in the governmental funds, but increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities. (94,745,000)

San Bernardino City Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2025

Proceeds received from sale of general obligation bonds are a revenue in the governmental funds, but increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities.

\$ (28,340,000)

Governmental funds report the effects of premiums, discounts, issuance costs, and the deferred amount on a refunding when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This is the net effect of these related items:

Premium on issuance	(3,767,232)
Deferred charges on refunding	(1,072,884)

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

General obligation bonds	46,350,000
Certificate of participations	7,885,000
Leases	107,080
Subscription-based information technology arrangements	1,045,090

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

Amortization of debt premium	\$ 3,537,850
Amortization of debt discount	(39,944)
Amortization of deferred charge on refunding	(429,722)

Combined adjustment	3,068,184
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Interest on long-term liabilities in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the result of two factors. First, accrued interest on the general obligation bonds and certificates of participation increased \$116,157, and second, \$5,523,497 of additional accumulated interest was accreted on the District's "capital appreciation" general obligation bonds.

(5,639,654)

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

12,520,375

Change in net position of governmental activities	<u>\$ (16,261,089)</u>
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San Bernardino City Unified School District
Statement of Net Position – Proprietary Funds
June 30, 2025

	<u>Governmental Activities - Internal Service Fund</u>
Assets	
Current assets	
Deposits and investments	\$ 133,324,849
Receivables	1,440,337
Due from other funds	<u>1,805,789</u>
Total current assets	<u>136,570,975</u>
Liabilities	
Current liabilities	
Accounts payable	568,634
Due to other funds	6,362
Current portion of claims liability	<u>5,740,821</u>
Total current liabilities	<u>6,315,817</u>
Noncurrent liabilities	
Noncurrent portion of claims liability	<u>19,437,252</u>
Total liabilities	<u>25,753,069</u>
Net Position	
Restricted	<u><u>\$ 110,817,906</u></u>

San Bernardino City Unified School District
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds
Year Ended June 30, 2025

	Governmental Activities - <u>Internal</u> <u>Service Fund</u>
Operating Revenues	
Charges to other funds and miscellaneous revenues	\$ 22,890,452
Operating Expenses	
Payroll costs	1,015,404
Supplies and materials	24,463
Facility rental	141
Other operating cost	16,303,430
Total operating expenses	17,343,438
Operating income	5,547,014
Nonoperating Revenues	
Interest income	5,160,917
Net change in fair market value	1,812,444
Total nonoperating revenues	6,973,361
Change in Net Position	12,520,375
Total Net Position - Beginning	98,297,531
Total Net Position - Ending	\$ 110,817,906

San Bernardino City Unified School District
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2025

	Governmental Activities - Internal Service Fund
Operating Activities	
Cash receipts for interfund services provided	\$ 22,905,322
Other operating cash receipts	154,589
Cash payments to employees for services	(1,015,404)
Cash payments for insurance claims	<u>(13,664,649)</u>
Net Cash from Operating Activities	<u>8,379,858</u>
Investing Activities	
Net gain on investments	<u>6,667,294</u>
Net Increase in Cash and Cash Equivalents	15,047,152
Cash and Cash Equivalents - Beginning	<u>118,277,697</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 133,324,849</u></u>
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating income	\$ 5,547,014
Adjustments to reconcile operating income to net cash from operating activities	
Changes in assets and liabilities	
Receivables	18,501
Due from other fund	13,390
Accounts payables	160,692
Due to other fund	1,480
Claims liability and self assessment	<u>2,638,781</u>
Net Cash from Operating Activities	<u><u>\$ 8,379,858</u></u>

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

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

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

Component Units

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

The San Bernardino City Unified School District and San Bernardino Schools Financing Corporation (the Corporation), as represented by the 2011, 2019, and 2025 Certifications of Participation, have a financial and operational relationship which meets the reporting entity definition for inclusion of the Corporation as a component unit of the District. Accordingly, the financial activities of the Corporation have been included in the financial statements of the District. The financial statements present the Corporation's financial activity within the Capital Project Fund for Blended Component Units. All debt instruments issued by the Corporation are included as long-term liabilities in the government-wide financial statements.

Other Related Entities

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

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

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

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

As a result, the General Fund reflects an increase in fund balance of \$15,170,035.

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

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

Non-Major Governmental Funds

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

- **Student Activity Fund** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.
- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.
- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.
- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

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

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), or the 2006 State Schools Facilities Fund (Proposition 1D) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070.10 et seq.).
- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

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

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

Proprietary Funds Proprietary Funds are used to account for activities that are more business-like than government-like in nature. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has the following proprietary funds:

- **Internal Service Fund** Internal Service Funds may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operates a self-insured workers' compensation program that is accounted for in an internal service fund.

Basis of Accounting - Measurement Focus

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

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

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

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

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

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

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

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

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

Cash and Cash Equivalents

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

Investments

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

The District's investment in the county treasury is measured at fair value on a recurring basis, which is determined by the fair value per share of the underlying portfolio determined by the program sponsor. Positions in this investment pool are not required to be categorized within the fair value hierarchy.

Prepaid Expenditures (Expenses)

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

Stores Inventories

Stores inventories consist of expendable food and supplies held for consumption. Inventories are stated at the lower of cost or market, utilizing the weighted average method. The costs of inventory items are recorded as expenditures in the governmental funds and expenses in the proprietary funds when consumed rather than when purchased.

Capital Assets, Depreciation, and Amortization

Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized but are expensed as incurred.

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide Statement of Net Position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

Depreciation is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years. Land is not depreciated.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2025.

The District records the value of intangible right-to-use assets based on the underlying leased asset in accordance with GASB Statement No. 87, *Leases*. The right-to-use intangible asset is amortized each year for the term of the contract or useful life of the underlying asset.

Right-to-use leased assets are recognized at the lease commencement date and represent the District's right-to-use an underlying asset for the lease term. Right-to-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the leased asset into service. Right-to-use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period is five years.

Right-to-use subscription IT assets are recognized at the subscription commencement date and represent the District's right-to-use the underlying IT asset for the subscription term. Right-to-use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right-to-use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period varies from two to eight years.

Lease Receivable

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

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental column of the Statement of Net Position.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned for leave balances that are more likely than not to be used for compensated leave or settled through cash or noncash means. The entire compensated absence liability is reported on the government-wide Statement of Net position. For governmental funds, a liability for compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, only the portion of accumulated sick leave that is more likely than not to be used by the employee for paid leave is recognized as a liability in the District's financial statements. Credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive 0.004 year of service credit for each day of unused sick leave. Credit for

unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time. The portion of sick leave that is more likely than not to be settled through conversion to service credit for employee retirement plans is not included in the District's liability for compensated absences.

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums, and Discounts

Debt premiums, discounts, and debt issuance costs related to prepaid insurance are reported as liabilities in the applicable governmental activities, or proprietary fund Statement of Net Position. Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs, are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Lease Liabilities

Lease liabilities represent the District's obligation to make lease payments arising from the lease. The District recognizes a lease liability in the government-wide financial statements. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments is discounted based on a borrowing rate determined by the District.

Subscription Liabilities

Subscription liabilities represent the District's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of the subscription payments is discounted based on a borrowing rate determined by the District.

Fund Balances - Governmental Funds

As of June 30, 2025, fund balances of the governmental funds are classified as follows:

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

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

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

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

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

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net of investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$355,704,410 of restricted net position, which is restricted by enabling legislation.

Operating Revenues and Expenses - Proprietary Funds

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues charges to other funds for self-insurance activity. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Interfund Activity

Transfers between governmental activities in the government-wide financial statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities column of the Statement of Activities.

Estimates

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of San Bernardino bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Adoption of New Accounting Standard**Implementation of GASB Statement No. 101**

As of June 30, 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. The effect of the implementation of this standard on beginning net position is disclosed in Note 17.

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

Deposits and investments as of June 30, 2025, are classified in the accompanying financial statements as follows:

Governmental activities	<u>\$ 765,254,177</u>
-------------------------	-----------------------

Deposits and investments as of June 30, 2025, consist of the following:

Cash on hand and in banks	\$ 2,878,838
Cash in revolving	222,160
Investments	<u>762,153,179</u>
Total deposits and investments	<u>\$ 765,254,177</u>

Policies and Practices

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

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

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the San Bernardino County Treasury Investment Pool to provide the cash flow and liquidity needed for operations, and by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow necessary for debt service requirements.

Specific Identification

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

Investment Type	Reported Amount	Average Maturity in Days
San Bernardino County Treasury Investment Pool	\$ 666,492,624	729
US Bank Money Market Mutual Fund	95,660,555	1
Total	<u>\$ 762,153,179</u>	

Credit Risk

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

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2025, the District's bank balance of \$1,011,198 held by Bank of America was exposed to custodial credit risk because it was uninsured and collateralized by securities held by pledging financial institution's trust department or agent but not in the name of the District. The remaining bank balance of \$1,801,004 held by other financial institutions was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 3 - Fair Value Measurements

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

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.
- Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.
- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

The District's fair value measurements are as follows at June 30, 2025:

Investment Type	Reported Amount	Fair Value Measurements Using Level 2 Inputs
US Bank Money Market Mutual Fund	\$ 95,660,555	\$ 95,660,555

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

Note 4 - Receivables

Receivables at June 30, 2025, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities
Federal Government					
Categorical aid	\$ 24,469,113	\$ -	\$ 13,343,040	\$ -	\$ 37,812,153
State Government					
LCFF apportionment	4,387,828	-	-	-	4,387,828
Categorical aid	19,870,303	-	1,865,483	-	21,735,786
Lottery	3,132,763	-	-	-	3,132,763
Other Local Sources					
Interest	3,939,482	487,500	1,257,695	1,418,331	7,103,008
Other	2,026,145	-	1,406,580	22,006	3,454,731
Total	<u>\$ 57,825,634</u>	<u>\$ 487,500</u>	<u>\$ 17,872,798</u>	<u>\$ 1,440,337</u>	<u>\$ 77,626,269</u>

San Bernardino City Unified School District

Notes to Financial Statements

June 30, 2025

Note 5 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2025, was as follows:

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
Governmental Activities				
Capital assets not being depreciated or amortized				
Land	\$ 32,151,833	\$ -	\$ -	\$ 32,151,833
Construction in process	165,723,209	112,639,013	(16,733,679)	261,628,543
Total capital assets not being depreciated or amortized	197,875,042	112,639,013	(16,733,679)	293,780,376
Capital assets being depreciated and amortized				
Land improvements	143,477,246	156,072	-	143,633,318
Buildings and improvements	1,223,774,075	18,283,747	(525,000)	1,241,532,822
Furniture and equipment	60,455,531	5,288,181	(1,944,720)	63,798,992
Right-to-use leased assets	51,497	660,715	-	712,212
Right-to-use subscription information technology assets	6,658,801	13,993,628	(2,496,311)	18,156,118
Total capital assets being depreciated and amortized	1,434,417,150	38,382,343	(4,966,031)	1,467,833,462
Total capital assets	1,632,292,192	151,021,356	(21,699,710)	1,761,613,838
Accumulated depreciation and amortization				
Land improvements	(57,227,682)	(5,272,131)	-	(62,499,813)
Buildings and improvements	(396,984,177)	(31,491,425)	428,750	(428,046,852)
Furniture and equipment	(43,213,528)	(3,296,885)	1,653,679	(44,856,734)
Lease assets	(10,300)	(114,623)	-	(124,923)
Right-to-use subscription information technology assets	(3,045,419)	(4,490,376)	2,496,311	(5,039,484)
Total accumulated depreciation and amortization	(500,481,106)	(44,665,440)	4,578,740	(540,567,806)
Net depreciable and amortizable capital assets	933,936,044	(6,283,097)	(387,291)	927,265,656
Governmental activities capital assets, net	\$ 1,131,811,086	\$ 106,355,916	\$ (17,120,970)	\$ 1,221,046,032

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

Governmental Activities	
Instruction	\$ 40,154,989
Supervision of instruction	5,307
Instructional library, media, and technology	292
School site administration	100,993
Home-to-school transportation	16,701
Food services	400,604
All other pupil services	804,804
Data processing	155,460
All other general administration	610,044
Plant services	2,416,246
	<u>44,665,440</u>
Total depreciation and amortization expense governmental activities	\$ 44,665,440

Note 6 - Lease Receivables

Lease receivables are recorded by the District at the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the District charges the lessee. The District has accrued a receivable for leasing a portion of its facilities to a lessee. This lease is non-cancelable for a period of more than one year. During the year ended June 30, 2025, the District recognized \$10,589 in lease revenue and \$11,756 in interest revenue related to this agreement. As of June 30, 2025, the District recorded \$287,897 in leases receivable and deferred inflows of resources related to leases for this arrangement. The interest rate on the lease agreement was 2.75%.

Note 7 - Interfund Transactions**Interfund Receivables/Payables (Due To/Due From)**

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2025, between major and non-major governmental funds, enterprise funds, and internal service funds, are as follows:

Due To	Due From			Total
	General Fund	Non-Major Governmental Funds	Internal Service Fund	
General Fund	\$ -	\$ 2,165,109	\$ 6,362	\$ 2,171,471
Non-Major Governmental Funds	2,424,381	12,217	-	2,436,598
Internal Service Fund	1,708,868	96,921	-	1,805,789
Total	<u>\$ 4,133,249</u>	<u>\$ 2,274,247</u>	<u>\$ 6,362</u>	<u>\$ 6,413,858</u>

A balance of \$1,864,770 due to the Child Development Non-Major Governmental Fund from the General Fund resulted from reimbursement of operating expenses and for an operating contribution.

A balance of \$559,577 due to the Cafeteria Non-Major Governmental Fund from the General Fund resulted from reimbursement of operating expenses.

The balance of \$1,708,868 due to the Internal Service Fund from the General Fund was for worker's compensation charges.

A balance of \$171,173 due to the General Fund from the Adult Education Non-Major Governmental Fund resulted from reimbursement of operating expenses.

A balance of \$1,436,101 due to the General Fund from the Child Development Non-Major Governmental Fund resulted from reimbursement of operating expenses.

A balance of \$556,899 due to the General Fund from the Cafeteria Non-Major Governmental Fund resulted from reimbursement of operating expenses.

All remaining balances resulted for the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Operating Transfers

Interfund transfers for the year ended June 30, 2025, consisted of the following:

Transfer To	Transfer From			Total
	General Fund	Building Fund	Non-Major Governmental Funds	
Building Fund	\$ -	\$ -	\$ 13,324,386	\$ 13,324,386
Non-Major Governmental Funds	926,303	7,808	848,682	1,782,793
Total	<u>\$ 926,303</u>	<u>\$ 7,808</u>	<u>\$ 14,173,068</u>	<u>\$ 15,107,179</u>
The General Fund transferred to the Child Development Non-Major Governmental Fund for an operating contribution.				\$ 926,303
The Building Fund transferred to the Capital Facilities Non-Major Governmental Fund for reimbursement of eligible construction project costs.				4,620
The Building Fund transferred to the County School Facilities Non-Major Governmental Fund for reimbursement of eligible construction project costs.				3,033
The Building Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay for reimbursement of eligible construction project costs.				155
The County School Facilities Non-Major Governmental Fund transferred to the Building Fund for reimbursement of eligible construction project costs.				13,150,751
The County School Facilities Non-Major Governmental Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay for reimbursement of eligible construction project costs.				837,932
The Special Reserve Non-Major Governmental Fund for Capital Outlay Projects transferred to the Building Fund for reimbursement of eligible construction project costs.				173,635
The Special Reserve Non-Major Governmental Fund for Capital Outlay Projects transferred to the County School Facilities Non-Major Governmental Fund for reimbursement of eligible construction project costs.				10,750
Total				<u>\$ 15,107,179</u>

San Bernardino City Unified School District

Notes to Financial Statements

June 30, 2025

Note 8 - Accounts Payable

Accounts payable at June 30, 2025, consisted of the following:

	General Fund	Building Fund	Capital Project Fund for Blended Component Units	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities
Salaries and benefits	\$ 46,195,307	\$ -	\$ -	\$ 1,535,854	\$ 13,186	\$ 47,744,347
LCFF apportionment	28,504,205	-	-	-	-	28,504,205
Due to other LEAs	4,158,490	-	-	165,779	-	4,324,269
Other payables	43,952,374	5,490,848	3,018,251	10,450,989	555,448	63,467,910
Total	<u>\$ 122,810,376</u>	<u>\$ 5,490,848</u>	<u>\$ 3,018,251</u>	<u>\$ 12,152,622</u>	<u>\$ 568,634</u>	<u>\$ 144,040,731</u>

Note 9 - Unearned Revenue

Unearned revenue at June 30, 2025, consists of the following:

	General Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal financial assistance	\$ 826,539	\$ 61,208	\$ 887,747
State categorical aid	7,945,462	-	7,945,462
Other local	3,356,412	1,579,924	4,936,336
Total	<u>\$ 12,128,413</u>	<u>\$ 1,641,132</u>	<u>\$ 13,769,545</u>

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

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

	Balance July 1, 2024, as Restated	Additions	Deductions	Balance June 30, 2025	Due in One Year
Governmental Activities					
General obligation bonds	\$ 364,494,452	\$ 33,863,497	\$ (46,350,000)	\$ 352,007,949	\$ 18,260,000
Premium on issuance	12,257,964	2,503,369	(2,774,150)	11,987,183	-
Certificates of participation	68,935,000	94,745,000	(7,885,000)	155,795,000	11,635,000
Discount on issuance	(66,573)	-	39,944	(26,629)	-
Premium on issuance	9,807,096	1,263,863	(763,700)	10,307,259	-
Leases	40,699	660,715	(107,080)	594,334	142,121
Subscription-based information technology arrangements	1,144,851	948,042	(1,045,090)	1,047,803	732,389
Compensated absences	82,144,532	1,042,640	-	83,187,172	25,322,810
Claims liability	22,539,292	8,379,602	(5,740,821)	25,178,073	5,740,821
Total	<u>\$ 561,297,313</u>	<u>\$ 143,406,728</u>	<u>\$ (64,625,897)</u>	<u>\$ 640,078,144</u>	<u>\$ 61,833,141</u>

The change in compensated absences is presented as a net change.

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. 2011 certificates of participation (COPs) are paid from the Building Fund, 2019 COPs are paid by the General Fund, and 2025 COPs are paid by the General Fund. The leases and subscription-based information technology arrangements will be paid by the General Fund. Claims liability is paid by the Internal Service Fund.

San Bernardino City Unified School District

Notes to Financial Statements

June 30, 2025

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2024	Issued	Accreted	Redeemed	Bonds Outstanding June 30, 2025
5/1/03	8/1/27	1.10 - 5.46%	\$ 15,000,000	\$ 15,308,260	\$ -	\$ 787,638	\$ (2,140,000)	\$ 13,955,898
9/16/04	8/1/29	1.25 - 5.46%	44,999,498	2,473,622	-	214,737	-	2,688,359
5/18/06	8/1/30	4.50 - 5.15%	67,999,967	6,917,469	-	582,462	-	7,499,931
3/3/11	8/1/42	7.41 - 7.50%	11,525,419	30,938,596	-	2,355,474	-	33,294,070
3/3/11	8/1/35	7.41 - 7.50%	5,477,434	17,451,505	-	1,583,186	-	19,034,691
5/22/13	8/1/28	2.00 - 5.00%	86,000,000	7,610,000	-	-	(7,610,000)	-
8/7/14	8/1/28	2.00 - 5.00%	24,705,000	7,250,000	-	-	(6,160,000)	1,090,000
7/15/15	8/1/40	2.00 - 5.00%	32,495,000	29,675,000	-	-	(26,225,000)	3,450,000
10/31/17	8/1/42	3.00 - 5.00%	31,550,000	27,815,000	-	-	(1,000,000)	26,815,000
10/31/17	8/1/42	4.00 - 5.00%	21,085,000	16,365,000	-	-	(455,000)	15,910,000
9/24/20	8/1/44	3.00%	35,000,000	35,000,000	-	-	-	35,000,000
9/24/20	8/1/37	0.489 - 2.732%	20,185,000	17,530,000	-	-	(250,000)	17,280,000
9/24/20	8/1/31	1.25 - 4.00%	13,250,000	13,250,000	-	-	-	13,250,000
9/24/20	8/1/37	0.429 - 2.722%	74,315,000	69,890,000	-	-	(2,510,000)	67,380,000
9/13/23	8/1/43	4.00 - 5.00%	53,350,000	53,350,000	-	-	-	53,350,000
9/13/23	8/1/35	6.25 - 6.50%	13,670,000	13,670,000	-	-	-	13,670,000
05/06/25	8/1/40	5.00%	28,340,000	-	28,340,000	-	-	28,340,000
				<u>\$ 364,494,452</u>	<u>\$ 28,340,000</u>	<u>\$ 5,523,497</u>	<u>\$ (46,350,000)</u>	<u>\$ 352,007,949</u>

On May 6, 2025, the District issued the General Obligation Refunding Bonds, Series 2025 in the amount of \$28,340,000. The refunding resulted in a cumulative cash flow savings of \$3,010,868 over the life of the new debt and an economic gain of \$2,041,631 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 3.77%.

Debt Service Requirements to Maturity

The bonds mature through 2045 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Current Interest to Maturity	Total
2026	\$ 18,130,638	\$ 129,362	\$ 9,291,924	\$ 27,551,924
2027	17,864,098	390,902	9,387,015	27,642,015
2028	18,656,162	658,838	9,089,156	28,404,156
2029	15,195,000	-	8,733,801	23,928,801
2030	12,588,360	1,221,640	8,365,583	22,175,583
2031-2035	73,924,114	22,590,886	36,731,019	133,246,019
2036-2040	91,689,454	39,695,546	26,117,001	157,502,001
2041-2045	103,960,123	21,529,877	8,424,794	133,914,794
Total	<u>\$ 352,007,949</u>	<u>\$ 86,217,051</u>	<u>\$ 116,140,293</u>	<u>\$ 554,365,293</u>

San Bernardino City Unified School District

Notes to Financial Statements

June 30, 2025

Certificates of Participation

Issue Date	Maturity Date	Interest Rate	Original Issue	Certificates Outstanding July 1, 2024	Issued	Redeemed	Certificates Outstanding June 30, 2025
3/3/11	2/1/26	7.903-8.403%	\$ 53,080,000	\$ 12,910,000	\$ -	\$ (6,360,000)	\$ 6,550,000
6/27/19	10/1/38	3.00-5.00%	62,705,000	56,025,000	-	(1,525,000)	54,500,000
4/24/25	10/1/45	4.65-5.00%	94,745,000	-	94,745,000	-	94,745,000
				<u>\$ 68,935,000</u>	<u>\$ 94,745,000</u>	<u>\$ (7,885,000)</u>	<u>\$ 155,795,000</u>

Debt Service Requirements to Maturity

The certificates mature through 2046 as follows:

Year Ending June 30,	Principal	Current Interest to Maturity	Total
2026	\$ 11,635,000	\$ 7,336,584	\$ 18,971,584
2027	3,030,000	6,879,656	9,909,656
2028	3,390,000	6,719,156	10,109,156
2029	3,785,000	6,539,781	10,324,781
2030	4,140,000	6,341,656	10,481,656
2031-2035	26,435,000	28,083,406	54,518,406
2036-2040	40,980,000	19,584,531	60,564,531
2041-2045	49,545,000	8,891,691	58,436,691
2046	12,855,000	289,238	13,144,238
Total	<u>\$ 155,795,000</u>	<u>\$ 90,665,699</u>	<u>\$ 246,460,699</u>

Leases

The District has entered into agreements to lease various facilities. As of June 30, 2025, the District recognized a net right-to-use leased asset of \$587,289 and a lease liability of \$594,334 related to these agreements. During the fiscal year, the District recorded \$114,623 in amortization expense. The District is required to make principal and interest payments through June 2029. The lease agreements have an interest rate of 4.00%.

San Bernardino City Unified School District

Notes to Financial Statements

June 30, 2025

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2025 are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 142,121	\$ 21,365	\$ 163,486
2027	148,289	15,581	163,870
2028	154,723	9,548	164,271
2029	149,201	3,252	152,453
Total	<u>\$ 594,334</u>	<u>\$ 49,746</u>	<u>\$ 644,080</u>

Subscriptions-Based Information Technology Arrangements (SBITAs)

The District has entered into SBITAs for the use of various software. At June 30, 2025, the District has recognized a right-to-use subscriptions information technology asset of \$13,116,634 and a SBITA liability of \$1,047,803 related to these agreements. During the fiscal year, the District recorded \$4,490,376 in amortization expense. The District is required to make annual principal and interest payments through October 2027. The subscriptions have an interest rate of 4.0%.

The remaining principal and interest payment requirements for the SBITA obligation debt as of June 30, 2025 are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	\$ 732,389	\$ 41,912	\$ 774,301
2027	315,414	12,617	328,031
Total	<u>\$ 1,047,803</u>	<u>\$ 54,529</u>	<u>\$ 1,102,332</u>

Claims Liability

Liabilities associated with workers' compensation claims are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are based upon estimated ultimate cost of settling the claims, considering recent claim settlement trends including the frequency and amount of payouts and other economic and social factors. The liability for workers' compensation claims is reported in the Internal Service Fund. The outstanding claims liability at June 30, 2025, amounted to \$25,178,073, using a discount factor of 1.9%. See Note 13 for additional details.

Note 11 - Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2025, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 143,973,599	\$ 31,016,040	\$ 16,914,425	\$ 13,074,758
Medicare Premium Payment (MPP) Program	2,215,486	-	-	(380,798)
Total	<u>\$ 146,189,085</u>	<u>\$ 31,016,040</u>	<u>\$ 16,914,425</u>	<u>\$ 12,693,960</u>

The details of each plan are as follows:

District Plan**Plan Administration**

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

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

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

Plan Membership

At June 30, 2023, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	482
Active employees	<u>4,348</u>
	<u>4,830</u>

Benefits Provided

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

Contributions

The contribution requirements of the Plan members and the District are established and may be amended by the District, the San Bernardino Teachers Association (SBTA), the local California Service Employees Association (CSEA), and unrepresented groups. The District contributions are based on pay-as-you-go financing requirements, which include the statutory minimum required monthly premium, plus an administrative fee, on behalf of each retiree. In addition, the District makes supplemental contributions towards eligible retirees’ premiums until age 65 according to the provisions of the District’s agreement with its various employee groups. Any additional contributions are based on availability of funds. For the measurement period of June 30, 2024, the District contributed \$5,522,553 to the Plan, all of which was used for current premiums.

Net OPEB Liability of the District

The District's net OPEB liability of \$143,973,599 was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. The components of the net OPEB liability of the District at June 30, 2024, measurement date, were as follows:

Total OPEB liability	\$ 144,078,395
Plan fiduciary net position	<u>(104,796)</u>
District's net OPEB liability	<u>\$ 143,973,599</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.07%</u>

Actuarial Assumptions

The total OPEB liability as of June 30, 2024 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2023 and rolling forward the total OPEB liability to June 30, 2024. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.75%, average, including inflation
Investment rate of return	3.94% for 2024, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	4.00%

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

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2021 CalPERS Active Mortality for Miscellaneous and School Employees Table for classified employees.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actual experience study for the period July 1, 2022 to June 30, 2023.

The long-term expected rate of return on OPEB plan investment was determined using a rolling periods of time for all asset classes in combination to appropriately reflect correlation between asset classes. That means that the average returns for any asset class do not necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
All equities	49%	7.250%
All fixed income	23%	4.250%
Real estate investment trusts	20%	7.250%
All commodities	3%	7.250%
Treasury inflation protected securities	5%	3.000%

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2023 (Measurement Date)	\$ 141,315,472	\$ 94,582	\$ 141,220,890
Service cost	6,710,196	-	6,710,196
Interest	5,208,071	-	5,208,071
Contributions-employer	-	5,522,553	(5,522,553)
Net investment income	-	6,383	(6,383)
Investment gain/losses	-	3,862	(3,862)
Changes of assumptions	(3,632,791)	-	(3,632,791)
Benefit payments	(5,522,553)	(5,522,553)	-
Administrative expense	-	(31)	31
Net change in total OPEB liability	2,762,923	10,214	2,752,709
Balance at June 30, 2024 (Measurement Date)	\$ 144,078,395	\$ 104,796	\$ 143,973,599

No changes of benefit terms were noted.

Changes of assumptions reflect a change in the discount rate from 3.67% in 2023 to 3.94% in 2024.

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.94%)	\$ 155,893,523
Current discount rate (3.94%)	143,973,599
1% increase (4.94%)	133,227,844

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

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

Healthcare Cost Trend Rates	Net OPEB Liability
1% decrease (3.00%)	\$ 126,090,228
Current healthcare cost trend rate (4.00%)	143,973,599
1% increase (5.00%)	164,899,144

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$13,074,758. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 6,600,772	\$ -
Differences between expected and actual experience	6,608,867	-
Changes of assumptions	17,804,345	16,914,425
Net difference between projected and actual earnings on OPEB plan investments	2,056	-
Total	<u>\$ 31,016,040</u>	<u>\$ 16,914,425</u>

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ 1,162,308
2027	1,165,596
2028	1,161,468
2029	1,161,412
2030	1,162,182
Thereafter	1,687,877
Total	<u>\$ 7,500,843</u>

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <https://www.calstrs.com/forms-publications>.

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2025, the District reported a liability of \$2,215,486 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively, was 0.8312%, and 0.8556%, resulting in a net decrease in the proportionate share of 0.0244%.

For the year ended June 30, 2025, the District recognized OPEB expense of \$(380,798).

Actuarial Methods and Assumptions

The June 30, 2024 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total OPEB liability to June 30, 2024, using the assumptions listed in the following table:

Measurement Date	June 30, 2024	June 30, 2023
Valuation Date	June 30, 2023	June 30, 2022
Experience Study	July 1, 2007 through June 30, 2022	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.93%	3.65%
Medicare Part A Premium Cost Trend Rate	5.00%	4.50%
Medicare Part B Premium Cost Trend Rate	6.50%	5.40%

For the valuation as of June 30, 2023, CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP-2021 Ultimate Projection Scale.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 154 or an average of 0.12% of the potentially eligible population (132,333).

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, 2024, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

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, 2024, 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, 2024, was 3.93%, which is an increase of 0.28% from 3.65% as of June 30, 2023.

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.93%)	\$ 2,390,452
Current discount rate (3.93%)	2,215,486
1% increase (4.93%)	2,061,360

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (4.00% Part A and 5.50% Part B)	\$ 2,052,410
Current Medicare costs trend rates (5.00% Part A and 6.50% Part B)	2,215,486
1% increase (6.00% Part A and 7.50% Part B)	2,397,551

San Bernardino City Unified School District

Notes to Financial Statements

June 30, 2025

Note 12 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Capital Project Fund for Blended Component Units	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 211,000	\$ -	\$ -	\$ 11,160	\$ 222,160
Stores inventories	-	-	-	1,574,504	1,574,504
Prepaid expenditures	420,826	-	-	-	420,826
Total nonspendable	631,826	-	-	1,585,664	2,217,490
Restricted					
Legally restricted programs	167,715,837	-	-	41,168,430	208,884,267
Capital projects	-	35,583,309	92,639,037	10,700,070	138,922,416
Debt services	-	-	-	30,905,090	30,905,090
Total restricted	167,715,837	35,583,309	92,639,037	82,773,590	378,711,773
Assigned					
Deferred maintenance	14,721,923	-	-	-	14,721,923
Textbook adoption	16,900,000	-	-	-	16,900,000
Scholarships	448,112	-	-	-	448,112
Adult education	-	-	-	86,652	86,652
Child development	-	-	-	1,269,632	1,269,632
Future capital projects	-	-	-	52,070,541	52,070,541
Other assignments	62,143,398	-	-	-	62,143,398
Total assigned	94,213,433	-	-	53,426,825	147,640,258
Unassigned					
Reserve for economic uncertainties	22,500,000	-	-	-	22,500,000
Total	\$ 285,061,096	\$ 35,583,309	\$ 92,639,037	\$ 137,786,079	\$ 551,069,521

Note 13 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2025, the District participated in the Southern California Schools Risk Management (SCSRM) public risk entity pool for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2025, the District was self-funded for workers' compensation, with excess coverage provided by the Schools Excess Liability Fund (SELF) public entity risk pool.

Employee Medical Benefits

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

Claims Liabilities

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

Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represents the changes in approximate aggregate liabilities for the District from July 1, 2023 to June 30, 2025:

	<u>Workers' Compensation</u>
Liability Balance, July 1, 2023	\$ 23,046,438
Provision for estimated claims and claims administration	4,802,971
Claims payments	<u>(5,310,117)</u>
Liability Balance, June 30, 2024	22,539,292
Provision for estimated claims and claims administration	8,379,602
Claims payments	<u>(5,740,821)</u>
Liability Balance, June 30, 2025	<u>\$ 25,178,073</u>
Assets available to pay claims at June 30, 2025	<u>\$ 51,361,879</u>

Note 14 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2025, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 382,671,688	\$ 138,099,780	\$ 51,851,856	\$ 39,316,537
CalPERS	241,492,080	79,777,752	7,434,229	40,017,348
CalPERS - Safety Risk Pool	5,721,547	2,010,396	15,182	885,645
Total	<u>\$ 629,885,315</u>	<u>\$ 219,887,928</u>	<u>\$ 59,301,267</u>	<u>\$ 80,219,530</u>

The details of each plan are as follows:

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

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023, 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/forms-publications>

Benefits Provided

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

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

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

The STRP provisions and benefits in effect at June 30, 2025, are summarized as follows:

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

Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the District's total contributions were \$75,466,684.

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

At June 30, 2025, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total Net Pension Liability, Including State Share:

District's proportionate share of net pension liability	\$ 382,671,688
State's proportionate share of the net pension liability associated with the District	175,571,087
Total	<u>\$ 558,242,775</u>

San Bernardino City Unified School District

Notes to Financial Statements

June 30, 2025

The net pension liability was measured as of June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating member districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023 respectively, was 0.5698% and 0.5785%, resulting in a net decrease in the proportionate share of 0.0087%.

For the year ended June 30, 2025, the District recognized pension expense of \$39,316,537. In addition, the District recognized pension expense and revenue of \$15,983,694 for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 75,466,684	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	17,672,890	7,438,626
Differences between projected and actual earnings on pension plan investments	-	1,544,065
Differences between expected and actual experience in the measurement of the total pension liability	43,285,095	16,734,016
Changes of assumptions	1,675,111	26,135,149
Total	<u>\$ 138,099,780</u>	<u>\$ 51,851,856</u>

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (25,653,222)
2027	30,896,016
2028	(2,520,738)
2029	(4,266,121)
Total	<u>\$ (1,544,065)</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ 2,884,770
2027	287,005
2028	1,200,293
2029	4,551,696
2030	5,890,806
Thereafter	(2,489,265)
Total	<u>\$ 12,325,305</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023 and rolling forward the total pension liability to June 30, 2024. The financial reporting actuarial valuation as of June 30, 2023, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Experience study	July 1, 2007 through June 30, 2022
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP-2021 Ultimate Projection Scale.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2024 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. The assumed asset allocation and best estimates of the expected rates of return for each major asset class for the year ended June 30, 2024, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	38%	5.25%
Real estate	15%	4.05%
Private equity	14%	6.75%
Fixed income	14%	2.45%
Risk mitigating strategies	10%	2.25%
Inflation sensitive	7%	3.65%
Cash/liquidity	2%	0.05%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 680,647,715
Current discount rate (7.10%)	382,671,688
1% increase (8.10%)	133,849,341

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

Qualified employees are eligible to participate in the School Employer Pool (SEP) and the Safety Risk Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plans regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023 annual actuarial valuation reports, Schools Pool Actuarial Valuation, and the Risk Pool Actuarial Valuation Report, Safety. These reports and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2025, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	27.050%	27.050%

The CalPERS Safety Risk Pool provisions and benefits in effect at June 30, 2025, are summarized as follows:

	Safety Risk Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	3% at 55	2.7% at 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	57
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	9.00%	17.00%
Required employer contribution rate	33.87%	17.19%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the total District contributions for CalPERS and CalPERS Safety Risk Pool were \$39,061,597 and \$651,390, respectively.

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

As of June 30, 2025, the District reported net pension liabilities for its proportionate share of the CalPERS and CalPERS Safety Risk Pool net pension liabilities totaling \$241,492,080 and \$5,721,547, respectively. The net pension liability was measured as of June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively was 0.6757% and 0.6513%, resulting in a net increase in the proportionate share of 0.0244% for CalPERS. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively was 0.0785% and 0.0787%, resulting in a net decrease in the proportionate share of 0.0002% for CalPERS Safety Risk Pool.

San Bernardino City Unified School District

Notes to Financial Statements

June 30, 2025

For the year ended June 30, 2025, the District recognized pension expense of \$40,017,348 for CalPERS and \$885,645 for CalPERS Safety Risk Pool. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CalPERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 39,061,597	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	5,752,212	5,705,879
Differences between projected and actual earnings on pension plan investments	9,380,573	-
Differences between expected and actual experience in the measurement of the total pension liability	20,245,580	1,728,350
Changes of assumptions	5,337,790	-
Total	<u>\$ 79,777,752</u>	<u>\$ 7,434,229</u>
	CalPERS Safety Risk Pool	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 651,390	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	474,556	-
Differences between projected and actual earnings on pension plan investments	276,554	-
Differences between expected and actual experience in the measurement of the total pension liability	466,929	15,182
Changes of assumptions	140,967	-
Total	<u>\$ 2,010,396</u>	<u>\$ 15,182</u>

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (80,865)
2027	14,584,659
2028	(2,155,064)
2029	(2,968,157)
Total	<u>\$ 9,380,573</u>

Year Ended June 30,	CalPERS Safety Risk Pool Deferred Outflows/(Inflows) of Resources
2026	\$ (3,847)
2027	447,243
2028	(72,218)
2029	(94,624)
Total	<u>\$ 276,554</u>

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2026	\$ 9,580,706
2027	8,045,397
2028	<u>6,275,250</u>
Total	<u><u>\$ 23,901,353</u></u>

<u>Year Ended June 30,</u>	<u>CalPERS Safety Risk Pool Deferred Outflows/(Inflows) of Resources</u>
2026	\$ 684,809
2027	279,154
2028	<u>103,307</u>
Total	<u><u>\$ 1,067,270</u></u>

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023 and rolling forward the total pension liability to June 30, 2024. The financial reporting actuarial valuation as of June 30, 2023, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

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

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity - cap-weighted	30%	4.54%
Global equity non-cap-weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed securities	5%	0.50%
Investment grade corporates	10%	1.56%
High yield	5%	2.27%
Emerging market debt	5%	2.48%
Private debt	5%	3.57%
Real assets	15%	3.21%
Leverage	(5%)	(0.59%)

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the SEP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on the School Employer Pool investments was applied to all periods of projected benefit payments to determine total pension liability.

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

CalPERS Net Pension Liability	
Discount Rate	
1% decrease (5.90%)	\$ 358,738,500
Current discount rate (6.90%)	241,492,080
1% increase (7.90%)	144,637,204
CalPERS Safety Risk Pool Net Pension Liability	
Discount Rate	
1% decrease (5.90%)	\$ 9,070,720
Current discount rate (6.90%)	5,721,547
1% increase (7.90%)	2,982,394

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$35,451,495 (10.828% of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS.

Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Public Agency Retirement System

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

During the year, the District's required and actual contributions amounted to \$135,607, which was one percent of its current year covered payroll. Employee contributions amounted to \$881,548.

Note 15 - Commitments and Contingencies**Grants**

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2025.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2025.

San Bernardino City Unified School District

Notes to Financial Statements

June 30, 2025

Construction Commitments

As of June 30, 2025, the District had the following commitments with respect to the unfinished capital projects:

Capital Projects	Remaining Construction Commitments	Expected Date of Completion
Arrowhead ES - Improvements	\$ 46,278	6/30/2026
Athletic Complex Phase III - Cajon HS	1,551,532	6/30/2026
Athletic Complex Phase III - San Bernardino HS	594,470	6/30/2026
Athletic Reno - 3HS Bleachers (AVHS, CHS, SGHS)	3,398,852	6/30/2026
Athletic Reno - Cajon Baseball & Softball	10,480	6/30/2026
Athletic Reno - Tennis + Fields (AVHS, CHS, SBHS)	342,382	6/30/2026
Autoflush Removal - 3 Sites	52,039	Unknown
BOE Complex Parking Lot	59,090	12/31/2025
CAPS - Del Rosa & Muscoy (P256)	16,974	6/30/2026
CAPS - SBHS Student Garden, Quad, Front	17,407	6/30/2026
Cardinal Child Development	2,585,623	6/30/2026
Carmack ES - Entrance	123,304	3/31/2026
Fencing @ AVHS & SMS	105,041	9/25/2025
Harmon Renewal	15,527	Unknown
Indian Springs HS Wellness Center	61,466	6/30/2026
Juanita Jones ES Parking lot	456,572	3/31/2026
Late Start/Sports Lighting	18,750	6/30/2026
Late Start/Sports Lighting - Cajon H S	328,685	6/30/2026
Late Start/Sports Lighting - San G	492,075	7/9/2025
Late Start/Sports Lighting - SBHS	32,975	6/30/2026
NUT. SVCS - FIRE SPRINKLERS & RACKS	26,615	6/30/2026
NUT. SVCS - WALKING FREEZER	24,074	6/30/2026
Paakuma Sports Lighting	1,048,867	6/30/2026
Pacific C East Quad	174,800	6/30/2026
Pacific HS - CTE - Biomed	464,197	6/30/2026
Pacific HS - CTE Culinary Arts	9,765	6/30/2026
Pacific HS - Performing Arts Center - Bldg. T	18,029,373	6/30/2026
Pacific HS - Student Center	6,329,430	6/30/2026
Pacific HS Bldg C West - Music	7,116,128	6/30/2026
Paint Schemes	79,154	12/31/2026
Public Safety Building	1,186,550	6/30/2026
Roof Replacement	281,399	8/14/2025
San Bernadino HS Auditorium	145,291	6/30/2026
San Gorgonio HS - CTE - Hospitality & Tourism	931,329	7/9/2025
San Gorgonio HS Pool Replacement	820,062	7/9/2025
San Gorgonio HS Tennis Court Replacement	32,703	7/9/2025
Sierra HS Wellness Center & Classroom Addition	708,994	11/30/2025
Riley ES - Fencing	4,236	3/31/2026
San Andreas - Showers	44,532	3/31/2026
	<u>\$ 47,767,021</u>	

Note 16 - Participation in Public Entity Risk Pools

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

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

During the year ended June 30, 2025, the District made payments of \$6,730,680, \$530,735, and \$2,150,116 to SCSRM, SCSEBA, and SELF, respectively, for the coverage noted above.

Note 17 - Restatement

Change in Accounting Principle

As of June 30, 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. Therefore, compensated absences current portion and compensated absences noncurrent portion were increased by \$23,930,843 and \$53,181,890, respectively, as of July 1, 2024. The effect of this change in accounting principle is described in the table below.

	Governmental Activities
Net Position - Beginning, as previously reported on July 1, 2024	\$ 758,344,269
Change in accounting principle	(77,112,733)
Net Position - Beginning, as restated on July 1, 2024	<u>\$ 681,231,536</u>

Change within the Reporting Entity

During year ended June 30, 2025, there was a change within the financial reporting entity which resulted in the Special Reserve Fund for Capital Outlay Projects being reported as a non-major fund instead of major fund and the Capital Project Fund for Blended Component Units being reported as a major fund instead of as a non-major fund. As a result, fund balance of the Special Reserve Fund for Capital Outlay Projects of \$109,642,448 which was previously reported as a major fund is now reported in the non-major funds and the fund balance of the Capital Project Fund for Blended Component Units of \$879,636 which was previously reported in the non-major funds is not reported as a major fund. This resulted in adjustments to and restatements of beginning fund balance in the table below:

	Governmental Funds		
	Special Reserve Fund for Capital Outlay Projects	Capital Project Fund for Blended Component Units	Non-Major Governmental Funds
Beginning, as previously reported on July 1, 2024	\$ 109,642,448	\$ -	\$ 79,087,407
Change to or within the financial reporting entity	(109,642,448)	879,636	108,762,812
Beginning, as restated on July 1, 2024	<u>\$ -</u>	<u>\$ 879,636</u>	<u>\$ 187,850,219</u>

Required Supplementary Information
June 30, 2025

San Bernardino City Unified School District

San Bernardino City Unified School District
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variances -
	Original	Final	(GAAP Basis)	Positive (Negative) Final to Actual
Revenues				
Local Control Funding Formula	\$ 690,976,443	\$ 682,873,229	\$ 699,003,848	\$ 16,130,619
Federal sources	53,312,788	88,835,476	77,616,736	(11,218,740)
Other State sources	218,608,721	214,645,062	210,385,754	(4,259,308)
Other local sources	12,089,446	49,449,234	46,577,639	(2,871,595)
Total revenues ¹	974,987,398	1,035,803,001	1,033,583,977	(2,219,024)
Expenditures				
Current				
Certificated salaries	395,794,184	411,501,750	409,025,151	2,476,599
Classified salaries	121,730,883	131,960,797	131,137,689	823,108
Employee benefits	267,364,260	261,520,144	260,467,027	1,053,117
Books and supplies	81,371,351	69,242,550	64,727,038	4,515,512
Services and operating expenditures	194,348,336	355,426,506	226,851,765	128,574,741
Other outgo	(375,571)	(663,455)	(314,480)	(348,975)
Capital outlay	4,142,812	15,450,666	18,552,524	(3,101,858)
Debt service - principal	1,525,000	1,525,000	2,677,170	(1,152,170)
Debt service - interest	2,763,125	2,763,098	2,833,932	(70,834)
Total expenditures ¹	1,068,664,380	1,248,727,056	1,115,957,816	132,769,240
Deficiency of Revenues over Expenditures	(93,676,982)	(212,924,055)	(82,373,839)	130,550,216
Other Financing Sources (Uses)				
Other sources - leases	-	-	660,715	660,715
Other sources - SBITAs	-	-	948,042	948,042
Transfers out	(985,426)	(1,044,549)	(926,303)	118,246
Net Financing Sources (Uses)	(985,426)	(1,044,549)	682,454	1,727,003
Net Change in Fund Balance	(94,662,408)	(213,968,604)	(81,691,385)	132,277,219
Fund Balance - Beginning	366,752,481	366,752,481	366,752,481	-
Fund Balance - Ending	\$ 272,090,073	\$ 152,783,877	\$ 285,061,096	\$ 132,277,219

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

San Bernardino City Unified School District
Schedule of Changes in the District's Net OPEB Liability and Related Ratios
Year Ended June 30, 2025

	2025	2024	2023	2022
Total OPEB Liability				
Service cost	\$ 6,710,196	\$ 6,581,527	\$ 8,247,162	\$ 11,194,410
Interest	5,208,071	4,605,370	3,042,721	2,723,470
Difference between expected and actual experience	-	3,666,179	-	(3,670,630)
Changes of assumptions	(3,632,791)	3,041,887	(16,437,311)	10,788,965
Benefit payments	(5,522,553)	(5,017,073)	(3,731,520)	(3,833,186)
Net change in total OPEB liability	2,762,923	12,877,890	(8,878,948)	17,203,029
Total OPEB liability - beginning	141,315,472	128,437,582	137,316,530	120,113,501
Total OPEB liability - ending	<u>\$ 144,078,395</u>	<u>\$ 141,315,472</u>	<u>\$ 128,437,582</u>	<u>\$ 137,316,530</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 5,522,553	\$ 5,017,073	\$ 3,731,520	\$ 10,101,568
Net investment income	6,383	(6,926)	(6,926)	5,639
Investment gain/losses	3,862	12,627	(6,797)	16,476
Other	-	-	-	-
Benefit payments	(5,522,553)	(5,017,073)	(3,731,520)	(10,101,568)
Administrative expense	(31)	(26)	(26)	(30)
Net change in plan fiduciary net position	10,214	5,675	(13,749)	22,085
Plan fiduciary net position - beginning	94,582	88,907	102,656	80,571
Plan fiduciary net position - ending	<u>\$ 104,796</u>	<u>\$ 94,582</u>	<u>\$ 88,907</u>	<u>\$ 102,656</u>
District's net OPEB liability - ending	<u>\$ 143,973,599</u>	<u>\$ 141,220,890</u>	<u>\$ 128,348,675</u>	<u>\$ 137,213,874</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.07%	0.07%	0.07%	0.07%
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Net OPEB liability as a percentage of covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021

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

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

San Bernardino City Unified School District
Schedule of Changes in the District's Net OPEB Liability and Related Ratios
Year Ended June 30, 2025

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

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

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

San Bernardino City Unified School District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2025

Year ended June 30,	2025	2024	2023	2022
Proportion of the net OPEB liability	0.8312%	0.8556%	0.8331%	0.8210%
Proportionate share of the net OPEB liability	\$ 2,215,486	\$ 2,596,284	\$ 2,744,320	\$ 3,274,771
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(1.02%)	(0.96%)	(0.94%)	(0.80%)
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
Year ended June 30,	2021	2020	2019	2018
Proportion of the net OPEB liability	0.8228%	0.9703%	0.9217%	0.9334%
Proportionate share of the net OPEB liability	\$ 4,009,174	\$ 3,613,190	\$ 3,528,155	\$ 3,927,024
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(0.71%)	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

San Bernardino City Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability - CalSTRS
Year Ended June 30, 2025

CalSTRS	2025	2024	2023	2022	2021
Proportion of the net pension liability	0.5698%	0.5785%	0.5551%	0.5462%	0.5429%
Proportionate share of the net pension liability	\$ 382,671,688	\$ 440,565,484	\$ 385,719,928	\$ 248,563,870	\$ 526,152,294
State's proportionate share of the net pension liability	175,571,087	211,087,312	193,167,032	125,067,699	271,231,570
Total	<u>\$ 558,242,775</u>	<u>\$ 651,652,796</u>	<u>\$ 578,886,960</u>	<u>\$ 373,631,569</u>	<u>\$ 797,383,864</u>
Covered payroll	<u>\$ 385,319,990</u>	<u>\$ 355,415,696</u>	<u>\$ 322,352,429</u>	<u>\$ 302,909,356</u>	<u>\$ 298,400,292</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	99.31%	123.96%	119.66%	82.06%	176.32%
Plan fiduciary net position as a percentage of the total pension liability	84%	81%	81%	87%	72%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.5485%	0.5135%	0.5156%	0.5069%	0.5067%
Proportionate share of the net pension liability	\$ 495,357,132	\$ 471,976,343	\$ 476,814,851	\$ 409,953,840	\$ 341,161,128
State's proportionate share of the net pension liability	270,250,386	270,228,530	282,079,638	233,379,408	180,436,628
Total	<u>\$ 765,607,518</u>	<u>\$ 742,204,873</u>	<u>\$ 758,894,489</u>	<u>\$ 643,333,248</u>	<u>\$ 521,597,756</u>
Covered payroll	<u>\$ 294,509,146</u>	<u>\$ 261,948,385</u>	<u>\$ 271,078,657</u>	<u>\$ 256,558,229</u>	<u>\$ 235,204,155</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	168.20%	180.18%	175.90%	159.79%	145.05%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

San Bernardino City Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability - CalPERS
Year Ended June 30, 2025

CalPERS	2025	2024	2023	2022	2021
Proportion of the net pension liability	0.6757%	0.6513%	0.6764%	0.7172%	0.7080%
Proportionate share of the net pension liability	\$ 241,492,080	\$ 235,763,431	\$ 232,758,638	\$ 145,840,074	\$ 217,241,037
Covered payroll	\$ 134,471,184	\$ 113,734,371	\$ 107,551,794	\$ 107,557,275	\$ 102,438,761
Proportionate share of the net pension liability as a percentage of its covered payroll	179.59%	207.29%	216.42%	135.59%	212.07%
Plan fiduciary net position as a percentage of the total pension liability	72%	70%	70%	81%	70%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.6943%	0.6941%	0.6748%	0.6771%	0.6606%
Proportionate share of the net pension liability	\$ 202,349,338	\$ 185,064,897	\$ 161,091,171	\$ 133,720,804	\$ 97,352,351
Covered payroll	\$ 97,102,757	\$ 93,009,607	\$ 87,645,191	\$ 81,804,735	\$ 79,747,749
Proportionate share of the net pension liability as a percentage of its covered payroll	208.39%	198.97%	183.80%	163.46%	122.08%
Plan fiduciary net position as a percentage of the total pension liability	71%	71%	72%	74%	79%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

San Bernardino City Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability – CalPERS Safety Risk Pool
Year Ended June 30, 2025

CalPERS Safety Risk Pool	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Proportion of the net pension liability	<u>0.0785%</u>	<u>0.0787%</u>	<u>0.0727%</u>	<u>0.0314%</u>	<u>0.0561%</u>
Proportionate share of the net pension liability	<u>\$ 5,721,547</u>	<u>\$ 5,880,686</u>	<u>\$ 4,997,080</u>	<u>\$ 1,101,409</u>	<u>\$ 3,868,656</u>
Covered payroll	<u>\$ 2,093,659</u>	<u>\$ 2,097,494</u>	<u>\$ 2,478,766</u>	<u>\$ 2,331,095</u>	<u>\$ 2,264,069</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>273.28%</u>	<u>280.37%</u>	<u>201.60%</u>	<u>47.25%</u>	<u>170.87%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>78%</u>	<u>76%</u>	<u>77%</u>	<u>88%</u>	<u>70%</u>
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability	<u>0.0576%</u>	<u>0.0592%</u>	<u>0.0628%</u>	<u>0.0657%</u>	<u>0.0713%</u>
Proportionate share of the net pension liability	<u>\$ 3,595,769</u>	<u>\$ 3,475,844</u>	<u>\$ 3,751,888</u>	<u>\$ 3,402,716</u>	<u>\$ 2,937,502</u>
Covered payroll	<u>\$ 2,053,305</u>	<u>\$ 2,074,975</u>	<u>\$ 1,853,036</u>	<u>\$ 1,545,625</u>	<u>\$ 1,192,863</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>175.12%</u>	<u>167.51%</u>	<u>202.47%</u>	<u>220.15%</u>	<u>246.26%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71%</u>	<u>71%</u>	<u>72%</u>	<u>74%</u>	<u>78%</u>
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

San Bernardino City Unified School District
Schedule of the District's Contributions - CalSTRS
Year Ended June 30, 2025

CalSTRS	2025	2024	2023	2022	2021
Contractually required contribution	\$ 75,466,684	\$ 73,596,118	\$ 67,884,398	\$ 54,542,031	\$ 48,919,861
Less contributions in relation to the contractually required contribution	<u>75,466,684</u>	<u>73,596,118</u>	<u>67,884,398</u>	<u>54,542,031</u>	<u>48,919,861</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 395,113,529</u>	<u>\$ 385,319,990</u>	<u>\$ 355,415,696</u>	<u>\$ 322,352,429</u>	<u>\$ 302,909,356</u>
Contributions as a percentage of covered payroll	<u>19.10%</u>	<u>19.10%</u>	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>
	2020	2019	2018	2017	2016
Contractually required contribution	\$ 51,026,450	\$ 47,946,089	\$ 37,799,152	\$ 34,101,695	\$ 27,528,698
Less contributions in relation to the contractually required contribution	<u>51,026,450</u>	<u>47,946,089</u>	<u>37,799,152</u>	<u>34,101,695</u>	<u>27,528,698</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 298,400,292</u>	<u>\$ 294,509,146</u>	<u>\$ 261,948,385</u>	<u>\$ 271,078,657</u>	<u>\$ 256,558,229</u>
Contributions as a percentage of covered payroll	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>

San Bernardino City Unified School District
Schedule of the District's Contributions - CalPERS
Year Ended June 30, 2025

CalPERS	2025	2024	2023	2022	2021
Contractually required contribution	\$ 39,061,597	\$ 35,876,912	\$ 28,854,410	\$ 24,640,116	\$ 22,264,356
Less contributions in relation to the contractually required contribution	<u>39,061,597</u>	<u>35,876,912</u>	<u>28,854,410</u>	<u>24,640,116</u>	<u>22,264,356</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 144,405,165</u>	<u>\$ 134,471,184</u>	<u>\$ 113,734,371</u>	<u>\$ 107,551,794</u>	<u>\$ 107,557,275</u>
Contributions as a percentage of covered payroll	<u>27.050%</u>	<u>26.680%</u>	<u>25.370%</u>	<u>22.910%</u>	<u>20.700%</u>
	2020	2019	2018	2017	2016
Contractually required contribution	\$ 20,201,948	\$ 17,538,700	\$ 14,445,322	\$ 12,173,917	\$ 9,691,407
Less contributions in relation to the contractually required contribution	<u>20,201,948</u>	<u>17,538,700</u>	<u>14,445,322</u>	<u>12,173,917</u>	<u>9,691,407</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 102,438,761</u>	<u>\$ 97,102,757</u>	<u>\$ 93,009,607</u>	<u>\$ 87,645,191</u>	<u>\$ 81,804,735</u>
Contributions as a percentage of covered payroll	<u>19.721%</u>	<u>18.062%</u>	<u>15.531%</u>	<u>13.890%</u>	<u>11.847%</u>

San Bernardino City Unified School District
Schedule of the District's Contributions – CalPERS Safety Risk Pool
Year Ended June 30, 2025

CalPERS Safety Risk Pool	2025	2024	2023	2022	2021
Contractually required contribution	\$ 651,390	\$ 606,170	\$ 580,762	\$ 609,417	\$ 862,279
Less contributions in relation to the contractually required contribution	651,390	606,170	580,762	609,417	862,279
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,344,460	\$ 2,093,659	\$ 2,097,494	\$ 2,478,766	\$ 2,331,095
Contributions as a percentage of covered payroll	27.784%	28.953%	27.688%	24.585%	36.990%
	2020	2019	2018	2017	2016
Contractually required contribution	\$ 559,264	\$ 499,559	\$ 703,070	\$ 790,628	\$ 934,869
Less contributions in relation to the contractually required contribution	559,264	499,559	703,070	790,628	934,869
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,264,069	\$ 2,053,305	\$ 2,074,975	\$ 1,853,036	\$ 1,545,625
Contributions as a percentage of covered payroll	24.702%	24.330%	33.883%	42.667%	60.485%

Note 1 - Purpose of Schedules**Budgetary Comparison Schedule**

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

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

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

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

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

- *Changes in Benefit Terms* – No changes noted in benefit terms.
- *Changes of Assumptions* – Changes of assumptions and other inputs reflect a change in the discount rate from 3.67% in 2023 to 3.94% in 2024.

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

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

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 3.65% to 3.93% since the previous valuation. The Medicare Part A premium cost trend rate assumption was changed from 4.50% to 5.00%, while the Medicare Part B premium cost trend rate assumption was changed from 5.40% to 6.50% since the previous valuation.

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District.

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

Schedule of the District's Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution.

Supplementary Information
June 30, 2025

San Bernardino City Unified School District

San Bernardino City Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Program Expenditures
U.S. Department of Education			
Indian Education	84.060A	[1]	\$ 59,397
Passed through California Department of Education (CDE)			
Adult Education - Basic Grants to States ELA	84.002A	14508	665,670
Adult Education - Basic Grants to States Secondary	84.002	13978	269,392
Adult Education - Basic Grants to State English Literacy and Civics	84.002A	14109	94,733
Subtotal			1,029,795
Title I Grant to Local Educational Agencies - Low Income and Neglected	84.010	14329	41,595,283
Title I Grant to Local Educational Agencies - School Improvement Funding	84.010	15438	983,339
Subtotal			42,578,622
English Language Acquisition State Grants - Immigrant Student Program	84.365	15146	72,023
English Language Acquisition State Grants - English Learner Student Program	84.365	14346	1,637,821
Subtotal			1,709,844
Twenty-First Century Community Learning Centers - High School ASSETs	84.287	14535	595,312
Twenty-First Century Community Learning Centers	84.287	14349	6,259,013
Subtotal			6,854,325
Special Education Cluster (IDEA)			
Special Education Grants to States - Basic Local Assistance	84.027	13379	11,318,085
Special Education Grants to States - Mental Health Alternate Dispute Resolution, Part B, Sec 611	84.027A	15197	540,691
	84.027A	13007	14,807
Subtotal			11,873,583
Special Education Preschool Grants	84.173	13430	169,036
Special Education Preschool Grants - Preschool Staff Development	84.173A	13431	1,436
Subtotal			170,472
Subtotal Special Education Cluster (IDEA)			12,044,055

[1] Direct award

San Bernardino City Unified School District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Program Expenditures
Passed through CDE			
Special Education - Grants for Infants and Families	84.181	23761	\$ 59,697
Career and Technical Education - Basic Grants to States	84.048	14894	731,760
Student Support and Academic Enrichment Program	84.424	15396	2,308,159
Supporting Effective Instruction State Grants	84.367	14341	4,520,188
McKinney-Vento Homeless Assistance Grants	84.196	14332	205,117
Passed through California Department of Rehabilitation			
Workability II, Transition Partnership	84.126A	10006	272,824
Vocational Rehabilitation Services Program	84.126A	31077	59,763
Subtotal			332,587
Passed through CDE			
Education Stabilization Fund			
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	12,242
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	4,337,305
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund: State Reserve, Emergency Needs	84.425U	15620	30,902
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund: State Reserve, Learning Loss	84.425U	15621	1,420,660
COVID-19: ARP Homeless Children and Youth Program I	84.425W	15564	13,861
Subtotal			5,814,970
Total U.S. Department of Education			78,248,516
U. S. Department of Health and Human Services			
Passed through California Department of Social Services			
Child Care and Development Fund (CCDF) Cluster			
Federal Child Care, Center-based	93.575	24568	1,461,233
Child Care and Development Fund	93.596	10163	53,907
Subtotal CCDF Cluster			1,515,140
Total U.S. Department of Health and Human Services			1,515,140

San Bernardino City Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Program Expenditures
U.S. Department of Agriculture			
Passed through CDE			
Child Nutrition Cluster			
National School Lunch Program - Section 4	10.555	13523	\$ 2,897,958
National School Lunch Program - Section 11	10.555	13524	21,923,697
National School Lunch Program - Local Food for Schools	10.555	15708	158,551
National School Lunch Program- Supply Chain Assistance (SCA) Funds	10.555	15655	596,279
National School Lunch Program - Commodities	10.555	13524	<u>2,231,313</u>
Subtotal			<u>27,807,798</u>
School Breakfast Program - Especially Needy	10.553	13526	<u>6,583,958</u>
Subtotal Child Nutrition Cluster			<u>34,391,756</u>
Passed Through California Department of Social Services			
Child & Adult Care Food Program	10.558	13529	4,637,931
Child & Adult Care Food Program - Cash in Lieu of Commodities	10.558	13534	<u>314,081</u>
Subtotal			<u>4,952,012</u>
Total U.S. Department of Agriculture			<u>39,343,768</u>
U.S. Department of Defense			
Junior Reserve Office Training Corps	12.000	[1]	<u>44,088</u>
Total U.S. Department of Defense			<u>44,088</u>
U.S. Department of Justice			
School Violence Prevention	16.710	[1]	214,607
STOP School Violence - Safety Threat and Assessment	16.839	[1]	<u>139,322</u>
Total U.S. Department of Justice			<u>353,929</u>
U.S. Department of Defense			
Passed Through San Bernardino County			
COVID-19:Coronavirus State and Local Fiscal Recovery Funds	21.027	[2]	<u>2,295,756</u>
Total U.S. Department of Defense			<u>2,295,756</u>
Total Federal Financial Assistance			<u><u>\$ 121,801,197</u></u>

[1] Direct award

[2] PCA number not available

San Bernardino City Unified School District

Schedule of Average Daily Attendance

Year Ended June 30, 2025

	Final Report	
	Second Period Report 7CB12D35	Annual Report 1064BC49
Regular ADA		
Transitional kindergarten through third	13,084.15	13,117.13
Fourth through sixth	9,661.29	9,654.95
Seventh and eighth	6,175.11	6,159.65
Ninth through twelfth	11,444.23	11,287.61
Total Regular ADA	40,364.78	40,219.34
Extended Year Special Education		
Transitional kindergarten through third	10.59	10.59
Fourth through sixth	6.66	6.66
Seventh and eighth	3.28	3.28
Ninth through twelfth	11.53	11.53
Total Extended Year Special Education	32.06	32.06
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	5.62	5.57
Fourth through sixth	3.59	4.50
Seventh and eighth	4.06	4.03
Ninth through twelfth	22.21	22.02
Total Special Education, Nonpublic, Nonsectarian Schools	35.48	36.12
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Ninth through twelfth	0.84	0.84
Total ADA	40,433.16	40,288.36

San Bernardino City Unified School District

Schedule of Instructional Time

Year Ended June 30, 2025

All Sites Except Bonnie Oehl Elementary School, Kimbark Elementary School, Paakuma K-8 School, & Serrano Middle School

Grade Level	1986-1987 Minutes Requirement	2024-2025 Actual Minutes	Number of Minutes Credited Form J-13A*	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A*	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36,000	35,400	600	36,000	177	3	180	N/A	N/A	N/A	Complied
Grades 1 - 3	50,400										
Grade 1		53,125	1,005	54,130	177	3	180	N/A	N/A	N/A	Complied
Grade 2		53,125	1,005	54,130	177	3	180	N/A	N/A	N/A	Complied
Grade 3		53,125	1,005	54,130	177	3	180	N/A	N/A	N/A	Complied
Grades 4 - 8	54,000										
Grade 4		53,125	1,005	54,130	177	3	180	N/A	N/A	N/A	Complied
Grade 5		53,125	1,005	54,130	177	3	180	N/A	N/A	N/A	Complied
Grade 6		53,717	1,083	54,800	177	3	180	N/A	N/A	N/A	Complied
Grade 7		60,343	1,083	61,426	177	3	180	N/A	N/A	N/A	Complied
Grade 8		60,343	1,083	61,426	177	3	180	N/A	N/A	N/A	Complied
Grades 9 - 12	64,800										
Grade 9		64,500	1,170	65,670	177	3	180	N/A	N/A	N/A	Complied
Grade 10		64,500	1,170	65,670	177	3	180	N/A	N/A	N/A	Complied
Grade 11		64,500	1,170	65,670	177	3	180	N/A	N/A	N/A	Complied
Grade 12		64,500	1,170	65,670	177	3	180	N/A	N/A	N/A	Complied

* The District received an approved J-13A for 600 minutes for Kindergarten, 1,005 minutes for Grades 1-5, 1,083 minutes for Grades 6-8, and 1,170 minutes for Grades 9-12 and for three days for all school sites except Bonnie Oehl Elementary, Kimbark Elementary, Paakuma K-8, and Serrano Middle.

San Bernardino City Unified School District

Schedule of Instructional Time

Year Ended June 30, 2025

Bonnie Oehl Elementary School

Grade Level	1986-1987 Minutes Requirement	2024-2025 Actual Minutes	Number of Minutes Credited Form J-13A*	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A*	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36,000	53,760	1,640	55,400	175	5	180	N/A	N/A	N/A	Complied
Grades 1 - 3	50,400										
Grade 1		53,250	1,550	54,800	175	5	180	N/A	N/A	N/A	Complied
Grade 2		53,250	1,550	54,800	175	5	180	N/A	N/A	N/A	Complied
Grade 3		53,250	1,550	54,800	175	5	180	N/A	N/A	N/A	Complied
Grades 4 - 6	54,000										
Grade 4		53,250	1,550	54,800	175	5	180	N/A	N/A	N/A	Complied
Grade 5		53,250	1,550	54,800	175	5	180	N/A	N/A	N/A	Complied
Grade 6		53,250	1,550	54,800	175	5	180	N/A	N/A	N/A	Complied

* The District received an approved J-13A for 1,640 minutes for Kindergarten and 1,550 minutes for all other grade levels and five days for Bonnie Oehl Elementary School.

Kimbark Elementary School

Grade Level	1986-1987 Minutes Requirement	2024-2025 Actual Minutes	Number of Minutes Credited Form J-13A*	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A*	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36,000	56,895	1,065	57,960	175	5	180	N/A	N/A	N/A	Complied
Grades 1 - 3	50,400										
Grade 1		53,125	1,675	54,800	175	5	180	N/A	N/A	N/A	Complied
Grade 2		53,125	1,675	54,800	175	5	180	N/A	N/A	N/A	Complied
Grade 3		53,125	1,675	54,800	175	5	180	N/A	N/A	N/A	Complied
Grades 4 - 6	54,000										
Grade 4		53,125	1,675	54,800	175	5	180	N/A	N/A	N/A	Complied
Grade 5		53,125	1,675	54,800	175	5	180	N/A	N/A	N/A	Complied
Grade 6		53,125	1,675	54,800	175	5	180	N/A	N/A	N/A	Complied

* The District received an approved J-13A for 1,065 minutes for Kindergarten and 1,675 minutes for all other grade levels and for five days for Kimbark Elementary School.

San Bernardino City Unified School District

Schedule of Instructional Time

Year Ended June 30, 2025

Paakuma K-8 School

Grade Level	1986-1987 Minutes Requirement	2024-2025 Actual Minutes	Number of Minutes Credited Form J-13A*	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A*	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36,000	60,410	1,850	62,260	175	5	180	N/A	N/A	N/A	Complied
Grades 1 - 3	50,400										
Grade 1		54,465	1,675	56,140	175	5	180	N/A	N/A	N/A	Complied
Grade 2		54,465	1,675	56,140	175	5	180	N/A	N/A	N/A	Complied
Grade 3		54,465	1,675	56,140	175	5	180	N/A	N/A	N/A	Complied
Grades 4 - 8	54,000										
Grade 4		59,621	1,805	61,426	175	5	180	N/A	N/A	N/A	Complied
Grade 5		59,621	1,805	61,426	175	5	180	N/A	N/A	N/A	Complied
Grade 6		59,621	1,805	61,426	175	5	180	N/A	N/A	N/A	Complied
Grade 7		59,621	1,805	61,426	175	5	180	N/A	N/A	N/A	Complied
Grade 8		59,621	1,805	61,426	175	5	180	N/A	N/A	N/A	Complied

* The District received an approved J-13A for 1,850 minutes for Kindergarten, 1,675 minutes for Grades 1-3, and 1,805 minutes for Grades 4-8 and for five days for Paakuma K-8 School.

Serrano Middle School

Grade Level	1986-1987 Minutes Requirement	2024-2025 Actual Minutes	Number of Minutes Credited Form J-13A*	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A*	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Grades 6 - 8	54,000										
Grade 6		59,982	1,444	61,426	176	4	180	N/A	N/A	N/A	Complied
Grade 7		59,982	1,444	61,426	176	4	180	N/A	N/A	N/A	Complied
Grade 8		59,982	1,444	61,426	176	4	180	N/A	N/A	N/A	Complied

* The District received an approved J-13A for 1,444 minutes for all grade levels and for four days for Serrano Middle School.

San Bernardino City Unified School District
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2025

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

	Child Development Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units
Fund Balance				
Balance, June 30, 2025, Unaudited Actuals	\$ 4,176,183	\$ 35,513,245	\$ 51,085,374	\$ 122,128,899
Increase in				
Receivables	-	-	1,032,166	-
Accounts payable	-	-	-	(3,018,251)
Unearned revenue	-	-	(46,999)	-
Decrease in				
Investments	-	(200,203)	-	(26,471,611)
Accounts payable	-	270,267	-	-
Unearned revenue	1,481,940	-	-	-
	<u>1,481,940</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, June 30, 2025, Audited Financial Statements	<u><u>\$ 5,658,123</u></u>	<u><u>\$ 35,583,309</u></u>	<u><u>\$ 52,070,541</u></u>	<u><u>\$ 92,639,037</u></u>

San Bernardino City Unified School District

Schedule of Financial Trends and Analysis

Year Ended June 30, 2025

	(Budget) 2026 ¹	2025	2024 ¹	2023 ¹
General Fund ³				
Revenues	\$ 979,538,055	\$ 1,027,567,838	\$ 1,185,100,740	\$ 1,102,656,202
Other sources	-	1,608,757	667,219	1,174,427
Total revenues and other sources	979,538,055	1,029,176,595	1,185,767,959	1,103,830,629
Expenditures	(1,082,142,318)	(1,108,882,183)	(1,048,595,992)	(975,463,131)
Other uses	(1,000,000)	(926,303)	(89,566,538)	(18,000,000)
Total expenditures and other uses	(1,083,142,318)	(1,109,808,486)	(1,138,162,530)	(993,463,131)
Increase (Decrease) in Fund Balance	\$ (103,604,263)	\$ (80,631,891)	\$ 47,605,429	\$ 110,367,498
Ending Fund Balance	\$ 166,286,798	\$ 269,891,061	\$ 350,522,952	\$ 302,917,523
Available Reserves ²	\$ 22,500,000	\$ 22,500,000	\$ 25,971,663	\$ 19,900,000
Available Reserves as a Percentage of Total Outgo	2.1%	2.0%	2.3%	2.0%
Long-Term Liabilities ⁴	N/A	\$ 1,416,152,544	\$ 1,310,211,355	\$ 1,188,503,789
K-12 Average Daily Attendance at P-2	40,253	40,433	40,886	41,289

The General Fund balance has decreased by \$33,026,462 over the past two years. The fiscal year 2025-2026 budget projects a decrease of \$103,604,263 (38.4%). For a district this size, the State recommends available reserves of at least two percent of total General Fund expenditures and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years but anticipates incurring an operating deficit during the 2025-2026 fiscal year. Total long-term liabilities have increased by \$227,648,755 over the past two years.

Average daily attendance has decreased by 856 over the past two years. An additional decrease of 180 ADA is anticipated during fiscal year 2025-2026.

¹ Financial information for 2026, 2024, and 2023 are included for analytical purposes only and has not been subjected to audit.

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

³ General Fund amounts do not include activity related to the consolidation of the Fund 14, Deferred Maintenance Fund, and Fund 73, Foundation Private-Purpose Trust Fund, as required by GASB 54 and GASB 84, respectively.

⁴ Amounts have not been restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 17 for further information.

San Bernardino City Unified School District

Schedule of Charter Schools

Year Ended June 30, 2025

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

San Bernardino City Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2025

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund
Assets					
Deposits and investments	\$ 2,220,747	\$ 1,048,459	\$ 8,110,321	\$ 20,439,974	\$ 3,380,931
Receivables	8,477	1,133,786	88,368	14,394,026	248,294
Due from other funds	-	34	1,864,770	571,794	-
Stores inventories	69,138	-	-	1,505,366	-
Lease receivable	-	-	-	-	-
Total assets	\$ 2,298,362	\$ 2,182,279	\$ 10,063,459	\$ 36,911,160	\$ 3,629,225
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 57,860	\$ 450,835	\$ 1,657,743	\$ 1,311,168	\$ 218,882
Due to other funds	-	184,604	1,486,392	602,147	-
Unearned revenue	-	318,723	1,261,201	14,209	-
Total liabilities	57,860	954,162	4,405,336	1,927,524	218,882
Deferred Inflows of Resources					
Deferred inflows of resources related to leases	-	-	-	-	-
Fund Balances					
Nonspendable	70,788	-	-	1,514,876	-
Restricted	2,169,714	1,141,465	4,388,491	33,468,760	3,410,343
Assigned	-	86,652	1,269,632	-	-
Total fund balances	2,240,502	1,228,117	5,658,123	34,983,636	3,410,343
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,298,362	\$ 2,182,279	\$ 10,063,459	\$ 36,911,160	\$ 3,629,225

San Bernardino City Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2025

	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets				
Deposits and investments	\$ 7,202,590	\$ 58,662,068	\$ 30,905,090	\$ 131,970,180
Receivables	111,305	1,888,542	-	17,872,798
Due from other funds	-	-	-	2,436,598
Stores inventories	-	-	-	1,574,504
Lease receivable	-	287,897	-	287,897
Total assets	<u>\$ 7,313,895</u>	<u>\$ 60,838,507</u>	<u>\$ 30,905,090</u>	<u>\$ 154,141,977</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 24,168	\$ 8,431,966	\$ -	\$ 12,152,622
Due to other funds	-	1,104	-	2,274,247
Unearned revenue	-	46,999	-	1,641,132
Total liabilities	<u>24,168</u>	<u>8,480,069</u>	<u>-</u>	<u>16,068,001</u>
Deferred Inflows of Resources				
Deferred inflows of resources related to leases	-	287,897	-	287,897
Fund Balances				
Nonspendable	-	-	-	1,585,664
Restricted	7,289,727	-	30,905,090	82,773,590
Assigned	-	52,070,541	-	53,426,825
Total fund balances	<u>7,289,727</u>	<u>52,070,541</u>	<u>30,905,090</u>	<u>137,786,079</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,313,895</u>	<u>\$ 60,838,507</u>	<u>\$ 30,905,090</u>	<u>\$ 154,141,977</u>

San Bernardino City Unified School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2025

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund
Revenues					
Federal sources	\$ -	\$ 1,029,795	\$ 1,532,435	\$ 38,745,560	\$ -
Other State sources	-	370,631	16,860,653	7,621,678	-
Other local sources	3,205,068	6,799,187	624,612	1,989,064	3,046,457
Total revenues	3,205,068	8,199,613	19,017,700	48,356,302	3,046,457
Expenditures					
Current					
Instruction	-	3,916,939	320,524	-	-
Instruction-related activities					
Supervision of instruction	-	27,694	349,517	-	-
School site administration	-	2,910,971	283,039	-	-
Pupil services					
Food services	-	-	-	44,326,541	-
All other pupil services	-	444,406	173,589	-	-
Administration					
All other administration	-	354,250	932,266	1,147,840	-
Plant services	-	952,120	321,584	677,533	-
Ancillary services	3,224,293	-	-	-	-
Community services	-	-	18,712,943	-	-
Enterprise services	-	-	-	19,712	-
Facility acquisition and construction	-	-	-	-	2,757,030
Debt service					
Principal	-	-	-	-	-
Interest and other	-	-	-	-	-
Total expenditures	3,224,293	8,606,380	21,093,462	46,171,626	2,757,030
Excess (Deficiency) of Revenues Over Expenditures	(19,225)	(406,767)	(2,075,762)	2,184,676	289,427
Other Financing Sources (Uses)					
Transfers in	-	-	926,303	-	4,620
Other sources - proceeds from issuance of general obligation bonds	-	-	-	-	-
Other sources - premium on issuance of general obligation bonds	-	-	-	-	-
Transfers out	-	-	-	-	-
Other uses - payments to refunded general obligation bonds escrow agent	-	-	-	-	-
Net Financing Sources (Uses)	-	-	926,303	-	4,620
Net Change in Fund Balances	(19,225)	(406,767)	(1,149,459)	2,184,676	294,047
Fund Balance - Beginning, as previously reported	2,259,727	1,634,884	6,807,582	32,798,960	3,116,296
Adjustments (Note 17)	-	-	-	-	-
Fund Balance - Beginning, as restated	2,259,727	1,634,884	6,807,582	32,798,960	3,116,296
Fund Balances - Ending	\$ 2,240,502	\$ 1,228,117	\$ 5,658,123	\$ 34,983,636	\$ 3,410,343

San Bernardino City Unified School District

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

Year Ended June 30, 2025

	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Project Fund for Blended Component Units	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues					
Federal sources	\$ -	\$ 2,295,757		\$ -	\$ 43,603,547
Other State sources	20,450,986	-		128,253	45,432,201
Other local sources	348,095	5,895,275		28,055,599	49,963,357
Total revenues	20,799,081	8,191,032		28,183,852	138,999,105
Expenditures					
Current					
Instruction	-	-		-	4,237,463
Instruction-related activities					
Supervision of instruction	-	-		-	377,211
School site administration	-	-		-	3,194,010
Pupil services					
Food services	-	-		-	44,326,541
All other pupil services	-	-		-	617,995
Administration					
All other administration	-	-		-	2,434,356
Plant services	-	-		-	1,951,237
Ancillary services	-	-		-	3,224,293
Community services	-	-		-	18,712,943
Enterprise services	-	-		-	19,712
Facility acquisition and construction	1,878,610	66,416,641		-	71,052,281
Debt service					
Principal	-	-		16,315,000	16,315,000
Interest and other	-	-		10,608,381	10,608,381
Total expenditures	1,878,610	66,416,641		26,923,381	177,071,423
Excess (Deficiency) of Revenues Over Expenditures	18,920,471	(58,225,609)		1,260,471	(38,072,318)
Other Financing Sources (Uses)					
Transfers in	13,783	838,087		-	1,782,793
Other sources - proceeds from issuance of general obligation bonds	-	-		28,340,000	28,340,000
Other sources - premium on issuance of general obligation bonds	-	-		2,503,369	2,503,369
Transfers out	(13,988,683)	(184,385)		-	(14,173,068)
Other uses - payments to refunded general obligation bonds escrow agent	-	-		(30,444,916)	(30,444,916)
Net Financing Sources (Uses)	(13,974,900)	653,702		398,453	(11,991,822)
Net Change in Fund Balances	4,945,571	(57,571,907)		1,658,924	(50,064,140)
Fund Balance - Beginning, as previously reported	2,344,156		879,636	29,246,166	79,087,407
Adjustments (Note 17)	-	109,642,448	(879,636)	-	108,762,812
Fund Balance - Beginning, as restated	2,344,156	109,642,448		29,246,166	187,850,219
Fund Balances - Ending	\$ 7,289,727	\$ 52,070,541		\$ 30,905,090	\$ 137,786,079

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

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the San Bernardino City Unified School District (the District) under programs of the federal government for the year ended June 30, 2025. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, fund balance, or cash flows of the District.

Summary of Significant Accounting Policies

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

Indirect Cost Rate

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

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2025, the District did not report any commodities as inventory.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

Schedule of Charter Schools

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

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

These schedules are included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

Other Information
June 30, 2025

San Bernardino City Unified School District

ORGANIZATION

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

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Mayra Ceballos	President	2028
Mary Ellen A. Grande	Vice President	2026
Felicia Alexander	Member	2028
Danny Tillman	Member	2026
Abigail Rosales-Medina	Member	2026
Dr. Scott Wyatt	Member	2028
Michael Santos	Member	2028

ADMINISTRATION

<u>NAME</u>	<u>TITLE</u>
Mauricio Arellano	Superintendent
Terry Cornick	Associate Superintendent Business, Facilities, and Operations
Marcus Funchess, Ed.D.	Assistant Superintendent, Human Resources
Sandra Rodriguez, Ed.D.	Assistant Superintendent, Student Services
Ana Applegate	Assistant Superintendent, Educational Services

Independent Auditor's Reports
June 30, 2025

San Bernardino City Unified School District



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Bernardino City Unified School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 19, 2026.

Adoption of New Accounting Standard

As discussed in Note 17 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* for the year ended June 30, 2025. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2024 to restate beginning net position. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2025-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

District's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

We noted certain matters that we reported to management of the District in a separate letter dated February 19, 2026.

Purpose of this Report

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

A handwritten signature in black ink that reads "Esde Bailly LLP". The signature is written in a cursive, flowing style.

Ontario, California
February 19, 2026



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited San Bernardino City Unified School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the 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, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2025-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance finding identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2025-002 to be a material weakness.

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

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

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



Ontario, California
February 19, 2026



Independent Auditor's Report on State Compliance and on Internal Control Over Compliance

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

Report on Compliance

Opinion on State Compliance

We have audited San Bernardino City Unified School District's (the District) compliance with the requirements specified in the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the District's state program requirements identified below for the year ended June 30, 2025.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

2024-2025 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Independent Study	No*
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable

2024-2025 K-12 Audit Guide Procedures	Procedures Performed
Middle or Early College High Schools	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Yes
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes
School Districts, County Offices of Education, and Charter Schools	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	Yes
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Not Applicable
Career Technical Education Incentive Grant	Yes
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Kindergarten Continuance	Yes
Charter Schools	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

* We did not perform testing for Independent Study because average daily attendance reported did not exceed thresholds required for testing.

The term “Not Applicable” is used above to mean either the District did not offer the program during the current fiscal year, the District did not participate in the program during the current fiscal year, or the program applies to a different type of local education agency.

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance 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 a material noncompliance with a compliance requirement 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Ontario, California
February 19, 2026

Schedule of Findings and Questioned Costs
June 30, 2025

San Bernardino City Unified School District

San Bernardino City Unified School District

Summary of Auditor's Results

Year Ended June 30, 2025

Financial Statements

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

Federal Awards

Internal control over major program	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	Yes

Identification of major programs

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing</u>
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund: State Reserve, Emergency Needs	84.425U
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund: State Reserve, Learning Loss	84.425U
COVID-19: ARP Homeless Children and Youth Program I	84.425W
Special Education Cluster (IDEA)	84.027, 84.027A, 84.173, 84.173A
Supporting Effective Instruction State Grants	84.367
Twenty-First Century Community Learning Centers - High School ASSETs	84.287
Twenty-First Century Community Learning Centers	84.287
Child Nutrition Cluster	10.553, 10.555
Dollar threshold used to distinguish between type A and type B programs	\$3,000,000
Auditee qualified as low-risk auditee?	No

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Other matters to be reported	No
Type of auditor's report issued on compliance for programs	Unmodified

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

- General Fund
 - Misclassification of state revenues as federal revenues \$509,000
- Building Fund
 - Overstatement of investments \$200,203
 - Overstatement of accounts payable \$270,267
 - Misclassification of federal revenues as local revenues \$518,348
- Capital Projects Fund for Blended Component Units
 - Understatement of accounts payable \$3,018,251
 - Overstatement of investments \$26,471,611
- Child Development Non-Major Governmental Fund
 - Overstatement of unearned revenue \$1,481,940
- Special Reserve Non-Major Governmental Fund for Capital Outlay Projects
 - Understatement of receivable \$1,032,166
 - Understatement of unearned revenue \$46,999
 - Misclassification of federal revenues as local revenues \$167,994

Context

The condition was identified through inquiry with District personnel and through review of available District records related to balances reported in the District's 2024-2025 unaudited financial statements.

Cause

The cause of the condition identified appears to be due to insufficient review processes related to the preparation of the District's year-end financial statements, which includes the review of revenues/expenditures and assets/liabilities to determine their proper reporting period.

Effect

The effect of this error resulted in understatement of the fund balance of the Child Development Fund of \$1,481,940, an understatement of the fund balance of the Building Fund of \$70,064, an understatement of the fund balance of the Special Reserve Fund for Capital Outlay Projects of \$985,167, and an overstatement of the fund balance of the Capital Projects Fund for Blended Component Units.

Repeat Finding

Yes, see prior year finding 2024-001.

Recommendation

In light of the condition identified, the District should exercise care during its annual year-end closing process and implement a process to review all balances during its year-end closing process to determine the proper cut-off period. In addition, a thorough review of the District's financial statements, including all adjusting entries, reclassifying entries, and conversion entries should take place before the financial statements are finalized by the District's business department.

Corrective Action Plan and Views of Responsible Officials

District concurs with the finding and the following is the Corrective Action Plan for the item:

General Fund

- Misclassification of state revenues as federal revenues
 - In previous fiscal years, ASES has been federally funded and recorded in Object Code 8290. FY 2024-2025, ASES was state funded and should have been recorded to Object Code 8590. Due to this change in funding the object code was overlooked. The District is working on implementing a process that will include staff cross-checking each other's work to reduce mistakes and ensure accuracy.

Building Fund

- Overstatement of investments
 - It was brought to the District's attention that various transactions reported on the 2011 COPS monthly bank statements were recorded incorrectly on the District's records. The District will take steps to provide training to staff involved with reviewing and reconciling the bank statements.
- Overstatement of accounts payable
 - To ensure the July 15, 2025 invoice for the 2011 COPS was paid and submitted on time, a pay voucher was processed and sent to Accounts Payable on June 30, 2025. This apparently caused the payment to be accrued to FY 2024-2025 instead of the correct FY 2025-2026. The District will be more diligent in the future in reviewing payments to be accrued to the correct fiscal year.
- Misclassification of federal revenues and local revenues.
 - The federal interest subsidy payment received semi-monthly from the IRS for the 2011 COPS payment was recorded as a local revenue instead of a federal revenue since interest is from a federal source. The District is now aware of this distinction for future payments.

Capital Projects Fund for Blended Components Units

- Understatement of accounts payable
 - The District will develop and implement a formal, documented year-end accrual process for Fund 98 and other escrow-funded capital projects. This process will clearly define roles and responsibilities between Accounting Services and Facilities for identifying unpaid invoices and recording accounts payable for costs incurred prior to fiscal year-end. Written procedures and training will be provided to relevant staff.
- Overstatement of investments
 - In May 2025, the District sold General Obligation Bonds with the funds being deposited to a US Bank account (Fund 49). It was the District's understanding that since the funds were deposited to a District bank account, the amount needed to be recorded. In discussions with the audit firm and County Office of Education personnel, the District now understands this should not have been done. As such, in the future when this type of transaction occurs the District will not record it.

Child Development Non-Major Governmental Fund

- Overstatement of unearned revenue
 - The revenue should have been reported in the fund's ending balance. To avoid future mistakes, the District will implement steps to ensure the Schedule of Categoricals (CAT) included in the Unaudited Actuals report is reviewed thoroughly by the Director of Fiscal Services.

Special Reserve Non-Major Governmental Fund for Capital Outlay Projects

- Understatement of receivables, understatement of unearned revenue, and misclassification of federal revenues as local revenues
 - Grant-Funded Capital Projects (ARPA and Similar Programs)
 - The District will issue written guidance addressing year-end accounting requirements for reimbursable grants, including the recognition of receivables and unearned revenue. Appropriate staff will receive training on these requirements to ensure consistent application during fiscal year-end close.
 - Revenue Classification and Resource Coding
 - The District will require grant-funded capital projects to be established using unique, self-balancing resource codes rather than management codes. This change will ensure that receivables, unearned revenue, and revenue classifications are automatically reflected in the financial system and reduces reliance on manual review.
 - Revenue Recognition and Initial Coding Review
 - The District will implement a review process for externally sourced revenues received through pass-through entities to ensure appropriate federal, state, or local revenue classification at the point of initial recognition. This will reduce the risk of misclassification when funds are received from intermediary agencies such as counties.
 - Year-End Coordination and Review
 - The District will implement a coordinated year-end close checklist and reconciliation process between Accounting Services, Fiscal Services, and Facilities to ensure that capital project payables, receivables, and revenue classifications are identified, reviewed, and resolved prior to finalization of the financial statements.

The following finding represents a material weakness and an instance of noncompliance including questioned costs, that is required to be reported by the Uniform Guidance. The finding has been coded as follows:

	Five Digit Code	AB 3627 Finding Type
	50000	Federal Compliance
2025-002	50000 – Special Education Activities Allowed & Allowable Costs (Material Weakness in Internal Control Over Compliance, Noncompliance)	
	Federal Agency: U.S. Department of Education	
	Pass-Through Entity: California Department of Education	
	Program Name: Special Education Grants to States - Basic Local Assistance	
	Federal Financial Assistance Listing: 84.027	
	Award Identification Number: 13379	
	Award Year: 2024-2025	
	Compliance Requirements: A. Activities Allowed or Unallowed & B. Allowable Costs/Cost Principles	
	Type of Finding: Material Weakness in Internal Control over Compliance; Noncompliance	
	Criteria	
	Per Title 2, <i>Code of Federal Regulations</i> , Subtitle A, Part 200, Subpart E, Section 200.403(a), in order for costs to be allowable under Federal awards, they must be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.	
	Condition	
	The District did not have sufficient controls in place to ensure that expenditures charged to the Special Education program were allowable in accordance with federal requirements. The District transferred expenditures into the federal program from the state special education program. The amount of expenditures transferred into the federal program was \$235,962 in excess of the amount of available expenditures in the state program. As such, this amount was not supported by invoices in order to determine allowability.	
	Cause	
	The condition identified appears to have materialized due to the District’s lack of internal controls over compliance.	
	Effect	
	The District has not complied with Title 2, <i>Code of Federal Regulations</i> , Subtitle A, Part 200, Subpart E, Section 200.403(a).	

Questioned Costs

The condition identified above resulted in \$235,962 of questioned costs for Special Education Grants to States - Basic Local Assistance under Assistance Listing 84.027 and Award Identification Number 13379.

Context/Sampling:

Questioned costs were identified through review of one of one large journal transfers noted. It was noted through review of the transfer that the expenditures remaining in the state program were negative due to the over-transfer of \$235,962 of expenditures into the federal program.

Repeat Finding

No.

Recommendation

The District should implement additional internal controls over compliance with federal programs to ensure that expenditures are made in compliance with all federal regulations and program guidance.

Corrective Action Plan and Views of Responsible Officials

In an effort to meet the Current Expense Formula/Minimum Classroom Compensation (CEA) of the Unaudited Actuals Report, expenditures were transferred from Resources 6500 to 3310 but a negative balance in 6500 was not discovered. The correct journal entry should have been to transfer actual expenditures from the original account lines rather than using a centralized account line to summarize the expenses transferred. The District will put in procedures to ensure the initiator of such a journal entry verifies balances are correct after the entry has been posted.

None reported.

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

Financial Statements Findings

2024-001 30000 – Internal Control Over Financial Reporting (Material Weakness)

Criteria

Management is responsible for the design, implementation, and maintenance of internal controls to ensure that the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all adjusting journal entries reclassifying journal entries, and conversion entries used in the preparation of the District’s financial statements. Additionally, the District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

During the course of our engagement, we identified material misstatements of balances presented within the District’s General Fund on the 2023-2024 unaudited financial statements as a result of over-accrual of account payable. The description of the impact of the misstatement is as follows:

▪ Overstatement of receivables	\$1,044,894
▪ Overstatement of accounts payable	\$23,216,103
▪ Understatement of unearned revenue	\$4,324,065
▪ Understatement of restricted ending fund balance	\$15,375,481

The over-accrual of accounts payable noted above resulted in identification of \$16,353,421 in unallowable state program expenditures and \$1,722,821 in unallowable federal program expenditures. This resulted in over-accrual of \$3,646,138 of state revenue and \$1,722,821 of federal revenue.

Context

The condition was identified through inquiry with District personnel and through review of available District records related to balances reported in the District’s 2023-2024 unaudited financial statements.

Cause

The cause of the condition identified appears to be due to insufficient review processes related to the preparation of the District’s year-end financial statements, which includes the review of revenues/expenditures and assets/liabilities to determine their proper reporting period.

Effect

The effect of this error resulted in understatement of fund balance in the General Fund of \$17,847,144 in the District's 2023-2024 unaudited financial statements.

Recommendation

In light of the condition identified, the District should exercise care during its annual year-end closing process and implement a process to review all balances during its year-end closing process to determine the proper cut-off period. In addition, a thorough review of the District's financial statements, including all adjusting entries, reclassifying entries, and conversion entries should take place before the financial statements are finalized by the District's business department.

Current Status

Not Implemented. See current year finding 2025-001.

Federal Awards Findings

2024-002 50000 – COVID-19 Education Stabilization Fund – Activities Allowed or Unallowed and Allowable Costs/Cost Principles (Material Weakness in Internal Control Over Compliance, Noncompliance)

Federal Agency: U.S. Department of Education

Pass-Through Entity: California Department of Education

Program Name: COVID-19 – Education Stabilization Fund

Federal Financial Assistance Listing: 84.425D, 84.425U, 84.425W

Compliance Requirements: A/B – Activities Allowed or Unallowed & Allowable Costs/Cost Principles

Type of Finding: Material Weakness and Noncompliance

Criteria

Title 2 *Code of Federal Regulations* 200.403(e) requires costs to be determined in accordance with generally accepted accounting principles (GAAP), which requires expenditures to be accrued in the period in which they are incurred.

Condition

The District accrued balances on open purchase orders at year-end, resulting in over-accrual of expenditures of \$1,172,500 which did not have related services rendered or goods received by June 30, 2024. Additionally, this resulted in \$176 of unallowable indirect costs charged to the program.

Cause

The cause appears to be due to lack of sufficient internal controls over year-end financial statement preparation.

Effect

The District is not in compliance with Activities Allowed or Unallowed and Allowable Costs/Cost Principles related to the Education Stabilization Fund program.

Questioned Costs

The condition identified above resulted in known questioned costs of \$1,172,500 in direct costs and \$176 in related indirect costs charged, resulting in total questioned costs of \$1,172,676.

Context/Sampling:

Unallowable costs were identified through a review of accounts payable for the District as a whole and not through the sample selected for major program testing.

Recommendation

The District should implement controls to ensure that all expenditures charged to federal programs are allowable.

Current Status

Implemented.

2024-003 50000 – COVID-19 Education Stabilization Fund – Reporting (Material Weakness in Internal Control Over Compliance, Noncompliance)

Federal Agency: U.S. Department of Education

Pass-Through Entity: California Department of Education

Program Name: COVID-19 – Education Stabilization Fund

Federal Financial Assistance Listing: 84.425D, 84.425U, 84.425W

Compliance Requirements: L – Reporting

Type of Finding: Material Weakness and Noncompliance

Criteria

Title 2 *Code of Federal Regulations* 200.328 requires financial reports to be collected no less than annually. Reports should reflect financial information for the period reported on.

Condition

The District charged unallowable direct and indirect costs to the program totaling \$1,172,676 which resulted in expenditure reports reflecting unallowable expenditures.

Cause

The cause appears to be due to lack of sufficient internal controls over compliance with reporting requirements.

Effect

The District is not in compliance with Reporting related to the Education Stabilization Fund program.

Questioned Costs

There are no questioned costs identified.

Context/Sampling:

Inaccurate reporting was identified through a review accounts payable for the District as a whole which identified unallowable costs charged to the program.

Recommendation

The District should implement controls to ensure that all reports are prepared accurately.

Current Status

Implemented.

2024-004 50000 – Activities Allowed or Unallowed and Allowable Costs/Cost Principles (Material Weakness in Internal Control Over Compliance, Noncompliance)

Federal Agencies: U.S. Department of Education, U.S. Department of Justice
 Pass-Through Entity: California Department of Education, except for Indian Education and School Violence Prevention, which are direct awards

Program Name: Various, see Condition below

Federal Financial Assistance Listing: Various, see Condition below

Compliance Requirements: A/B – Activities Allowed or Unallowed & Allowable Costs/Cost Principles

Type of Finding: Material Weakness and Noncompliance

San Bernardino City Unified School District

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2025

Criteria

Title 2 *Code of Federal Regulations* 200.403(e) requires costs to be determined in accordance with generally accepted accounting principles (GAAP), which requires expenditures to be accrued in the period in which they are incurred.

Condition

The District accrued balances on open purchase orders at year-end, resulting in over-accrual of expenditures which did not have related services rendered or goods received by June 30, 2024 for various federal programs which were not identified as major programs. Additionally, this resulted in unallowable indirect costs charged to various federal programs which were not identified as major programs. Detailed information for unallowable direct and indirect costs charged related to this issue is as follows:

Program Name	Assistance Listing Number	Unallowable Direct Costs	Unallowable Indirect Costs
Title I Grant to Local Educational Agencies - Low Income and Neglected	84.010	\$ 243,135	\$ 9,844
Title I Grant to Local Educational Agencies – School Improvement Funding	84.010	27,074	1,148
Special Education Grants to States - Basic Local Assistance	84.027	57,291	-
Special Education Grants to States - Mental Health	84.027A	42,636	1,808
Alternate Dispute Resolution, Part B, Sec 611	84.027A	2,500	106
Career and Technical Education - Basic Grants to States	84.048	13,442	570
Supporting Effective Instruction State Grants	84.424	778	33
Twenty-First Century Community Learning Centers	84.287	83,919	-
English Language Acquisition State Grants – English Learner Student Program	84.365	34,500	-
Indian Education	84.060A	24,012	1,018
McKinney-Vento Homeless Assistance Grants	84.196	5,525	234
School Violence Prevention	16.710	550	23
Total		<u>\$ 535,362</u>	<u>\$ 14,784</u>

Cause

The cause appears to be due to lack of sufficient internal controls over year-end financial statement preparation.

Effect

The District is not in compliance with Activities Allowed or Unallowed and Allowable Costs/Cost Principles for various federal programs not identified as major programs.

Questioned Costs

The condition identified above resulted in known questioned costs of \$537,362 in direct costs and \$14,784 in related indirect costs charged, resulting in total questioned costs of \$552,146.

Context/Sampling:

Unallowable costs were identified through a review of accounts payable for the District as a whole and not through the sample selected for major program testing.

Recommendation

The District should implement controls to ensure that all expenditures charged to federal programs are allowable.

Current Status

Implemented.



Management
San Bernardino City Unified School District
San Bernardino, California

In planning and performing our audit of the financial statements of San Bernardino City Unified School District (the District) for the year ended June 30, 2025, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated February 19, 2026, on the government-wide financial statements of the District.

Associated Student Body (ASB)

Cole Elementary School

Observation

- Based on the review of the cash receipting procedures, it was noted that eight of eight receipts tested lacked evidence of a dual cash count. As a result, the auditor was unable to determine the presence of a witness indicating the status of collected money.

Recommendation

- Those collecting cash should always count the funds in the presence of a witness to confirm that funds collected are accurate and any differences resolved. Cash Count forms should be completed and signed by the individual responsible for the cash and at least one witness.

Kimbark Elementary School

Observations

1. Based on the review of the cash receipting procedures, it was noted that two of six deposits tested were not deposited in a timely manner. Delay in deposit ranged from approximately 20 to 36 days from the date of receipt. This could result in large cash balances being maintained at the sites which can hinder the safeguarding of ASB assets.
2. Based on the review of the disbursement procedures, it was noted that two of three disbursements tested were for an unallowable expense. According to the Fiscal Crisis & Management Assistance Team (FCMAT) Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference, the purchase of supplies that are the responsibility of the district are not allowable because they are not for the benefit of the ASB.

Recommendations

1. The ASB, should, at a minimum, make their deposits once a week to minimize the amount of cash held at the site. During weeks of high cash activity, there may be a need to make more than one deposit. The site should follow the District's guidelines for deposit frequency as communicated in the District's Bulletin #25-001.
2. The ASB should review the Fiscal Crisis & Management Assistance Team (FCMAT) Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference for Allowable and Questionable Expenses. This would allow the reviewing administrator to determine if the proposed activities are appropriate and to determine if the expenditure request is allowable.

Salinas Elementary School

Observation

- Based on the review of the cash receipting procedures, it was noted that the deposits tested did not contain prenumbered receipts and did not have any indication of the date of receipts. Therefore, the timeliness of depositing cash collections could not be determined.

Recommendation

- Those collecting cash should ensure that receipting documentation indicates the date monies are collected. This will allow reviewers to ensure that collected funds are being deposited in a timely manner. Additionally, pre-numbered triplicate receipts or logs should be utilized when collecting money for all ASB events and transactions. If utilizing a log, the student's name and amount being turned in should be documented. If using a receipt book, the receipts should be issued in sequential order to all individuals turning in monies for ASB events. Teachers and administrators who collect monies should be equipped with a triplicate receipts book or log sheet. The white copy of the receipt should be issued to the person turning in the monies, the yellow receipt or log sheet should be utilized for deposit back-up, and the pink copy should be retained in the receipt book for audit purposes. When teachers are turning in monies for deposit, a cash count sheet should be turned in with the yellow copy of the receipts and monies to clearly identify the total amount being turned in.

Monterey Elementary School

Observations

1. Based on the review of the cash receipting procedures, it was noted that one of one deposit tested was not deposited in a timely manner. Delay in deposit was 20 days from the date of receipt. This could result in large cash balances being maintained at the sites which can hinder the safeguarding of ASB assets.
2. Revenue potential forms are not being used to document and control fundraising activities as they occur. One of one fundraiser tested did not contain a revenue potential form.
3. Based on the review of the cash receipting procedures, it was noted that one of one receipt tested lacked evidence of a dual cash count. As a result, the auditor was unable to determine the presence of a witness indicating the status of collected money.
4. Based on the review of the disbursement procedures, it was noted that three of three tested disbursements were not approved prior to the transactions taking place and did not contain a purchase request form. This could potentially lead to spending in excess of available funds. Additionally, expenditures of a questionable nature could arise if disbursements are not pre-approved.

5. Based on review of the November 2024 bank reconciliation, it was noted that the reconciliation was not completed and reviewed in a timely manner. The completion and review of the bank reconciliation was not completed until January 2025. This could result in errors and discrepancies not being identified and addressed in a timely manner.

Recommendations

1. The ASB, should, at a minimum, make their deposits once a week to minimize the amount of cash held at the site. During weeks of high cash activity, there may be a need to make more than one deposit. The site should follow the District's guidelines for deposit frequency as communicated in the District's Bulletin #25-001.
2. The revenue potential form is a vital internal control tool. It should be used to document revenues, expenditures, potential revenue, and actual revenue. This allows an analysis of the fundraiser to be conducted, indicating to the staff the success or failure of the completed project. ASB personnel should ensure that all revenue potential forms contain supporting documentation and that the revenue amount indicated on the form agrees to the amount indicated on supporting documentation.
3. Those collecting cash should always count the funds in the presence of a witness to confirm that funds collected are accurate and any differences resolved. Cash Count forms should be completed and signed by the individual responsible for the cash and at least one witness.
4. The ASB should ensure that all disbursement transactions are pre-approved by authorized administrative personnel and the student council. This would allow the reviewing administrator and/or the student council to determine if the proposed activities are appropriate and to determine if sufficient funding is available to finance the activities or the purchases.
5. Bank account reconciliations should be completed and reviewed in a timely manner. To ensure proper internal controls over bank reconciliations, the site should prepare and review bank reconciliations within two weeks of receiving the bank statement.

Rodriguez Prep Academy

Observations

1. Based on the review of the disbursement procedures, it was noted that one of 23 disbursements tested were not approved prior to the transactions taking place. This could potentially lead to spending in excess of available funds. Additionally, expenditures of a questionable nature could arise if disbursements are not pre-approved.
2. Based on the review of the disbursement procedures, it was noted that one of 23 disbursements tested did not contain explicit receiving documentation to indicate that goods had been received. As a result, the vendor invoice was paid without direct confirmation that the goods being ordered had been received by the ASB.

Recommendations

1. The ASB should ensure that all disbursement transactions are pre-approved by authorized administrative personnel and the student council. This would allow the reviewing administrator and/or the student council to determine if the proposed activities are appropriate and to determine if sufficient funding is available to finance the activities or the purchases.
2. All goods being ordered should be documented with explicit receiving documentation. Documentation should indicate the date that the goods have been received and documentation regarding whether the goods have been received intact, undamaged, and in the correct quantities. Payments for vendor invoices should only be made once the receiving documentation is available.

Del Vallejo Middle School

Observation

- Based on the review of the cash receipting procedures, it was noted that three of three deposits tested were not deposited in a timely manner. Delay in deposit ranged from ten to 144 days from the date of receipt. This could result in large cash balances being maintained at the sites which can hinder the safeguarding of ASB assets.

Recommendation

- The ASB, should, at a minimum, make their deposits once a week to minimize the amount of cash held at the site. During weeks of high cash activity, there may be a need to make more than one deposit. The site should follow the District's guidelines for deposit frequency as communicated in the District's Bulletin #25-001.

San Geronio High School

Observation

- Based on the review of the cash receipting procedures, it was noted that four of 15 deposits tested were not deposited in a timely manner. Delay in deposit ranged from 13 to 29 days from the date of receipt. This could result in large cash balances being maintained at the sites which can hinder the safeguarding of ASB assets.

Recommendation

- The ASB, should, at a minimum, make their deposits once a week to minimize the amount of cash held at the site. During weeks of high cash activity, there may be a need to make more than one deposit. The site should follow the District's guidelines for deposit frequency as communicated in the District's Bulletin #25-001.

San Andreas High School

Observation

- Based on the review of the cash receipting procedures, it was noted that three of 12 deposits tested were not deposited in a timely manner. Delay in deposit ranged from ten to 16 days from the date of receipt. This could result in large cash balances being maintained at the sites which can hinder the safeguarding of ASB assets.

Recommendation

- The ASB, should, at a minimum, make their deposits once a week to minimize the amount of cash held at the site. During weeks of high cash activity, there may be a need to make more than one deposit. The site should follow the District's guidelines for deposit frequency as communicated in the District's Bulletin #25-001.

Virtual Academy

Observations

1. Based on the review of the cash receipting procedures, it was noted that two of three receipts tested lacked evidence of a dual cash count. As a result, the auditor was unable to determine the presence of a witness indicating the status of collected money.

2. Based on review of disbursement procedures, it was noted that one disbursement did not contain a supporting invoice. As a result, the auditor was unable to determine the appropriateness of the disbursement.

Recommendations

1. Those collecting cash should always count the funds in the presence of a witness to confirm that funds collected are accurate and any differences resolved. Cash Count forms should be completed and signed by the individual responsible for the cash and at least one witness.
2. All ASB disbursements should be accompanied by supporting itemized invoices or receipts which document the specific items purchased. Disbursements should not be made if supporting itemized invoices or receipts are not present during the approval process.

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Ontario, California
February 19, 2026