Financial Statements
June 30, 2020

Corona-Norco Unified School District

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Independent Auditor's Report

Governing Board
Corona-Norco Unified School District
Norco, California

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Corona-Norco Unified School District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

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

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13, budgetary comparison information on page 86, schedule of changes in the District's total OPEB liability and related ratios on page 87, schedule of the District's proportionate share of the net OPEB liability – MPP program on page 88, schedule of the District's proportionate share of the net pension liability on page 89, and the schedule of District contributions on page 90, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Corona-Norco Unified School District's financial statements. The combining and individual nonmajor fund financial statements, Schedule of Expenditures of Federal Awards as required by the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 11, 2021 on our consideration of Corona-Norco Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Corona-Norco Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Corona-Norco Unified School District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
January 11, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the Corona-Norco Unified School District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental separately. These statements include all assets of the District (including capital assets), as well as all liabilities (including long-term obligations). Additionally, certain eliminations have occurred as prescribed by the statement, in regards to interfund activity, payables, and receivables.

Governmental Activities are prepared using the economic resources measurement focus and the accrual basis of accounting.

The *Fund Financial Statements* include statements for each of the three categories of activities: governmental, proprietary, and fiduciary.

- The *Governmental Funds* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

- The *Proprietary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

- The *Fiduciary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

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 Corona-Norco Unified School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets and deferred outflows of resources, and liabilities and deferred inflows of resources of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's operating results. Since the Board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, we separate the District activities as follows:

Governmental activities - Most of the District's services are reported 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 reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Revenues, Expenses, and Changes in Fund Net Position*. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities - such as the District's Self-Insurance Fund. The Internal Service Fund is reported with governmental activities in the government-wide financial statements.

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for funds held on behalf of others, like our funds for associated student body activities. The District's *fiduciary* activities are reported in the *Statement of Fiduciary Net Position*. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $9,165,674 for the fiscal year ended June 30, 2020. Of this amount, $(506,716,257) was unrestricted (deficit). Restricted net position is reported separately to show legal constraints from debt covenants grantors, constitutional provisions, and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2020	2019
Assets		
Current and other assets	$ 389,826,856	$ 342,181,888
Capital assets	995,202,573	975,793,228
Total assets	1,385,029,429	1,317,975,116
Deferred outflows of resources	179,257,770	183,202,643
Liabilities		
Current liabilities	75,662,863	48,063,533
Long-term liabilities	1,435,928,955	1,366,257,708
Total liabilities	1,511,591,818	1,414,321,241
Deferred inflows of resources	43,529,707	36,757,719
Net Position		
Net investment in capital assets	434,991,214	458,862,762
Restricted	80,890,717	71,635,966
Unrestricted	(506,716,257)	(480,399,929)
Total net position	$ 9,165,674	$ 50,098,799

The $(506,716,257) in unrestricted net position represents the accumulated results of all past years' operations. Restricted net position are reported separately to show legal constraints from debt covenants and enabling legislation that limit the District's ability to use those net position for day-to-day operations.

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities on page 15. Table 2 takes the information from the Statement and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2020	2019
Revenues		
Program revenues		
Charges for services	$ 7,617,180	$ 9,504,570
Operating grants and contributions	122,620,657	122,031,616
Capital grants and contributions	-	2,113,488
General revenues		
Federal and State aid not restricted	374,646,702	374,461,643
Property taxes	171,860,959	159,356,344
Other general revenues	22,404,516	37,083,529
Total revenues	699,150,014	704,551,190
Expenses		
Instruction-related	525,805,459	517,162,072
Pupil services	82,989,609	80,959,913
Administration	31,618,239	26,083,082
Plant services	52,831,920	54,486,913
Other	47,660,912	50,120,260
Total expenses	740,906,139	728,812,240
Special item - gain from sale of land	823,000	-
Change in net position	$ (40,933,125)	$ (24,261,050)

Governmental Activities

As reported in the *Statement of Activities* on page 15, the cost of all of our governmental activities this year was $740,906,139. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $171,860,959 because the cost was paid by other governments and organizations who subsidized certain programs with charges for services, grants, and contributions ($130,237,837). We paid for the remaining "public benefit" portion of our governmental activities with $374,646,702 in Federal and State unrestricted funds and with $22,404,516 in other revenues, like interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions: instruction including, special instruction programs and other instructional programs, pupil services, administration, plant services, and all other services. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
Instruction	$ 525,805,459	$ 517,162,072	$ (434,884,100)	$ (428,713,385)
Pupil services	82,989,609	80,959,913	(54,507,878)	(51,415,183)
Administration	31,618,239	26,083,082	(29,382,736)	(23,071,405)
Plant services	52,831,920	54,486,913	(52,349,290)	(5,276,030)
All other services	47,660,912	50,120,260	(39,544,298)	(39,202,563)
Total	$ 740,906,139	$ 728,812,240	$ (610,668,302)	$ (547,678,566)

THE DISTRICT'S FUNDS

As the District completed this year, governmental funds reported a combined fund balance of $232,091,608, which is an increase of $20,669,304 from last year (Table 4).

Table 4

	Balances and Activity			
Governmental Fund	June 30, 2019	Revenues	Expenditures	June 30, 2020
General	$ 84,661,757	$ 614,569,927	$ 603,473,747	$ 95,757,937
Building	26,368,285	87,235,231	53,773,349	59,830,167
Bond Interest and Redemption	76,844,374	80,412,325	102,182,190	55,074,509
Adult Education	1,603,447	3,109,444	3,104,847	1,608,044
Child Development	-	409,204	409,204	-
Cafeteria	962,822	17,056,265	17,436,874	582,213
Capital Facilities	953,122	9,895,226	7,759,240	3,089,108
Capital Project Component Unit	7,373,540	1,734,103	5,059,652	4,047,991
Debt Service Fund for Blended Component Units	12,654,957	34,779,392	35,332,710	12,101,639
Total	$ 211,422,304	$ 849,201,117	$ 828,531,813	$ 232,091,608

The primary reasons for these changes are the following:

The Building Fund, Capital Facilities Fund, and the Capital Project Fund from Blended Component Units are revenues and expenditures accounted for from school facility fees received. These funds were spent on new construction and modernization projects in the District.

The District expended Measure GG funds on projects that included the modernization of administrative offices, multi-purpose rooms, classrooms, playgrounds, and parking lots at Jefferson Elementary School and Norco Intermediate School. In addition to these projects, there were funds expended to complete the Rondo School of Discovery and the Roosevelt HS eSTEM Academy. The District also installed a new marquee at Orange Grove and a new portable classroom at Barton.

Lastly, the District had other expenditures that included roofing projects at Norco, Centennial, Corona, and Roosevelt High Schools and Barton and Foothill Elementary Schools.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the District had $995,202,573 in a broad range of capital assets (net of depreciation), including land, construction in progress, buildings and improvements, furniture and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of $19,409,345 or 2.0 percent, from last year (Table 5).

Table 5

	Governmental Activities	
	2020	2019
Land and construction in progress	$ 374,592,300	$ 321,947,942
Buildings and improvements	606,913,968	639,262,746
Equipment	13,696,305	14,582,540
Total	$ 995,202,573	$ 975,793,228

Construction in progress includes increases due to the commencement of modernization and construction projects District-wide.

Long-Term Liabilities

At the end of this year, the District had $733,236,127 in long-term liabilities other than OPEB and Pension versus $682,400,913 last year, an increase of 7.4 percent. The increase is primarily attributed to increase in the general obligation bonds.

Table 6

	Governmental Activities	
	2020	2019
Long-Term Liabilities		
General obligation bonds	$ 580,478,872	$ 526,867,038
Premium on issuance	42,411,312	37,472,487
Certificates of participation	18,660,000	21,835,000
Premium on issuance	-	509,271
Corona-Norco Unified School District Public financing authority bonds	55,735,000	58,530,000
Capital leases	7,142,026	7,634,785
Property and liability	1,243,200	538,615
Claims liability	20,490,000	20,036,000
Supplemental early retirement plan (SERP)	1,974,655	3,949,311
Compensated absences	5,101,062	5,028,406
Total	$ 733,236,127	$ 682,400,913

The District's general obligation bond rating was raised to "AA+". 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 of $580,478,872 is below this statutorily--imposed limit.

Other liabilities include certificates of participation, compensated absences, and other long-term liabilities. We present more detailed information regarding our long-term liabilities in Note 10 of the financial statements.

At year end, the District has a net OPEB liability of $76,877,208 versus $65,727,544 last year, an increase of $11,149,664, or 17.0 percent.

At year end, the District has a net pension liability of $625,815,620 versus $618,129,251 last year, an increase of $7,686,369, or 1.2 percent.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2019-2020 ARE NOTED BELOW:

- ✓ California Exemplary District
- ✓ Top Workplace by Inland News Group
- ✓ California Model Continuation High School
    - Lee V. Pollard High School

- ✓ California Distinguished School
    - Corona Fundamental Intermediate School

- ✓ California State Teacher of the Year
    - Dr. Angel Mejico, El Cerrito Middle School

- ✓ Heart Award from the Reaching At-Promise Students Association (RAPSA)
    - Dr. Milisav Ilic, Administrative Director for Instructional Support

- ✓ Norco College President's Award for Excellence

- ✓ Golden Bell Award
    - F.U.E.R.Z.A mentoring program at home Gardens Academy and Santiago High

- ✓ The Anti-bullying Institute Initiative of the Year HERO Award
    - #CNUSDisKind Anti-bullying Campaign

- ✓ Golden Achievement Award from the National School Public Relations Association
    - Exemplary Public Relations

- ✓ CA Science & Engineering Fair Teacher of the Year
    - Mrs. Bowles Eastvale STEM Academy

- ✓ California Association of School Counselors, Counselor of the Year
    - Josh Godinez, Centennial High School

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2020-2021 year, the District Board and management used the following criteria:

The key assumptions in the final approved budget are:

- Local Control Funding Formula at full implementation.
- Zero revenue cost of living adjustment.
- Unduplicated pupil count projected at 49.20%.
- Projected ADA decline of 250.
- Employer Fixed Cost increase of STRS and PERS.
- Cost to service salary schedules.
- Updated salary schedules to include contractual agreements.
- Cash Deferrals into the following year 2021-22.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Assistant Superintendent, Business Services, at Corona-Norco Unified School District, 2820 Clark Avenue, Norco, California 92860, or e-mail at Alan.Giles@cnusd.k12.ca.us.

	Governmental Activities
Assets	
Deposits and investments	$ 241,539,365
Receivables	85,200,602
Long-term receivables	62,365,000
Stores inventories	721,889
Capital assets not depreciated	374,592,300
Capital assets, net of accumulated depreciation	620,610,273
Total assets	1,385,029,429
Deferred Outflows of Resources	
Deferred charge on refunding	16,462,735
Deferred outflows of resources related to other postemployment benefits (OPEB) liability	6,715,285
Deferred outflows of resources related to pensions	156,079,750
Total deferred outflows of resources	179,257,770
Liabilities	
Accounts payable	65,480,801
Interest payable	9,060,918
Unearned revenue	1,121,144
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	31,085,597
Long-term liabilities other than OPEB and pensions due in more than one year	702,150,530
Other postemployment benefits liability	76,877,208
Aggregate net pension liability	625,815,620
Total liabilities	1,511,591,818
Deferred Inflows of Resources	
Deferred charge on refunding	$ 46,961
Deferred inflows of resources related to OPEB	1,212,677
Deferred inflows of resources related to pensions	42,270,069
Total deferred inflows of resources	43,529,707
Net Position	
Net investment in capital assets	434,991,214
Restricted for	
Debt service	58,115,230
Capital projects	3,089,108
Educational programs	9,800,032
Other activities	9,886,347
Unrestricted	(506,716,257)
Total net position	$ 9,165,674

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction	$450,228,480	$ -	$ 77,820,245	$ (372,408,235)
Instruction-related activities				
Supervision of instruction	23,143,561	-	9,090,904	(14,052,657)
Instructional library, media, and technology	2,964,486	-	30,493	(2,933,993)
School site administration	49,468,932	-	3,979,717	(45,489,215)
Pupil services				
Home-to-school transportation	16,227,256	-	421,830	(15,805,426)
Food services	17,212,309	3,666,302	11,958,787	(1,587,220)
All other pupil services	49,550,044	-	12,434,812	(37,115,232)
Administration				
Data processing	11,127,873	-	109,272	(11,018,601)
All other administration	20,490,366	263,902	1,862,329	(18,364,135)
Plant services	52,831,920	-	482,630	(52,349,290)
Ancillary services	4,479,957	-	256,418	(4,223,539)
Enterprise services	27,308	-	-	(27,308)
Interest on long-term liabilities	28,914,303	-	-	(28,914,303)
Other outgo	14,239,344	3,686,976	4,173,220	(6,379,148)
Total governmental activities	$740,906,139	$ 7,617,180	$ 122,620,657	(610,668,302)
General Revenues and Subventions				
Property taxes, levied for general purposes				128,809,093
Property taxes, levied for debt service				36,857,964
Taxes levied for other specific purposes				6,193,902
Federal and State aid not restricted to specific purposes				374,646,702
Interest and investment earnings				4,901,591
Miscellaneous				17,502,925
Subtotal, general revenues				568,912,177
Special item - gain from sale of land				823,000
Change in Net Position				(40,933,125)
Net Position - Beginning				50,098,799
Net Position - Ending				$ 9,165,674

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	$ 63,917,644	$ 73,300,068	$55,074,509	$ 20,553,267	$ 212,845,488
Receivables	79,995,820	197,158	-	4,932,804	85,125,782
Due from other funds	3,519,520	-	-	628,045	4,147,565
Stores inventories	150,596	-	-	571,293	721,889
Total assets	$ 147,583,580	$ 73,497,226	$55,074,509	$ 26,685,409	$ 302,840,724
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 50,539,425	$ 13,667,059	$ -	$ 1,273,923	$ 65,480,407
Due to other funds	628,045	-	-	3,519,520	4,147,565
Unearned revenue	658,173	-	-	462,971	1,121,144
Total liabilities	51,825,643	13,667,059	-	5,256,414	70,749,116
Fund Balances					
Nonspendable	355,596	-	-	582,213	937,809
Restricted	9,800,032	59,830,167	55,074,509	20,846,782	145,551,490
Assigned	73,715,904	-	-	-	73,715,904
Unassigned	11,886,405	-	-	-	11,886,405
Total fund balances	95,757,937	59,830,167	55,074,509	21,428,995	232,091,608
Total liabilities and fund balances	$ 147,583,580	$ 73,497,226	$55,074,509	$ 26,685,409	$ 302,840,724

Total Fund Balance - Governmental Funds		$ 232,091,608
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	$ 1,552,710,954	
Accumulated depreciation is	(557,508,381)	
Net capital assets		995,202,573
Receivables related to Corona-Norco Unified School District Public Financing Authority are not received in the near term (within a year) and therefore, are not reported as receivables in the governmental funds. Current year collections totaling $1,910,000 were received, leaving a balance of $62,365,000.		62,365,000
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.		(9,060,918)
An internal service fund is used by 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.		8,278,303
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	16,462,735	
Net Other postemployment benefits liability	6,715,285	
Net pension liability	156,079,750	
Total deferred outflows of resources		179,257,770
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	(46,961)	
Net Other postemployment benefits liability	(1,212,677)	
Net pension liability	(42,270,069)	
Total deferred inflows of resources		(43,529,707)

Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		$ (625,815,620)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(76,877,208)
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	$ (516,556,953)	
Premium on issuance of general obligation bonds	(42,411,312)	
Certificates of participation (private placement)	(18,660,000)	
Corona-Norco Unified School District Public Financing Authority bonds	(55,735,000)	
Capital leases payable	(7,142,026)	
Property and liability	(1,243,200)	
Supplemental early retirement plan (SERP)	(1,974,655)	
Compensated absences (vacations)	(5,101,062)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	(63,921,919)	
Total long-term liabilities		(712,746,127)
Total net position - governmental activities		$ 9,165,674

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula	$ 486,365,552	$ -	$ -	$ -	$ 486,365,552
Federal sources	21,750,790	-	385,713	12,490,260	34,626,763
Other State sources	94,239,249	-	226,946	3,081,113	97,547,308
Other local sources	12,214,336	1,235,231	37,324,066	27,189,782	77,963,415
Total revenues	614,569,927	1,235,231	37,936,725	42,761,155	696,503,038
Expenditures					
Current					
Instruction	390,962,486	-	-	2,007,847	392,970,333
Instruction-related activities					
Supervision of instruction	20,947,368	-	-	-	20,947,368
Instructional library, media, and technology	2,759,707	-	-	-	2,759,707
School site administration	44,375,632	-	-	1,307,572	45,683,204
Pupil services					
Home-to-school transportation	15,438,182	-	-	-	15,438,182
Food services	-	-	-	16,584,434	16,584,434
All other pupil services	46,358,907	-	-	-	46,358,907
Administration					
Data processing	10,694,514	-	-	-	10,694,514
All other administration	17,756,800	-	-	2,367,911	20,124,711
Plant services	48,044,606	-	-	96,410	48,141,016
Ancillary services	4,261,213	-	-	-	4,261,213
Other outgo	261,677	-	-	11,865,560	12,127,237
Facility acquisition and construction	-	53,260,806	-	4,223,617	57,484,423
Debt service					
Principal	492,759	-	17,240,000	4,280,000	22,012,759
Interest and other	162,265	512,543	18,677,937	3,428,898	22,781,643
Total expenditures	602,516,116	53,773,349	35,917,937	46,162,249	738,369,651
Excess (Deficiency) of Revenues Over Expenditures	12,053,811	(52,538,118)	2,018,788	(3,401,094)	(41,866,613)
Other Financing Sources (Uses)					
Transfers in	-	-	-	1,627,479	1,627,479
Other sources - proceeds from issuance of general obligation bonds	-	86,000,000	34,175,000	-	120,175,000
Other sources - premium from issuance of general obligation bonds	-	-	8,300,600	-	8,300,600
Other sources - proceeds from issuance of certificates of participation	-	-	-	20,145,000	20,145,000
Transfers out	(957,631)	-	-	(669,848)	(1,627,479)
Other uses - payment to refunded bonds escrow agent	-	-	(66,264,253)	(22,270,430)	(88,534,683)
Net Financing Sources (Uses)	(957,631)	86,000,000	(23,788,653)	(1,167,799)	60,085,917
Special item - proceeds from sale of land	-	-	-	2,450,000	2,450,000
Net Change in Fund Balances	11,096,180	33,461,882	(21,769,865)	(2,118,893)	20,669,304
Fund Balance - Beginning	84,661,757	26,368,285	76,844,374	23,547,888	211,422,304
Fund Balance - Ending	$ 95,757,937	$59,830,167	$55,074,509	$ 21,428,995	$ 232,091,608

Total Net Change in Fund Balances - Governmental Funds		$ 20,669,304
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.		
This is the amount by which capital outlays exceeds depreciation in the period.		
Capital outlays	$ 56,576,470	
Depreciation expense	(35,540,125)	
Net expense adjustment		21,036,345
In the Statement of Activities, only the gain on the sale of the unimproved land is reported, whereas in the governmental funds, the entire proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balances by the cost of the land sold.		(1,627,000)
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) and special termination benefits (early retirement) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, special termination benefits paid were more than the amount earned by $1,974,656. Vacation earned was more than the amount used by $72,656.		1,902,000
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.		(30,184,492)
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.		(6,139,887)
The collection of tax assessment are revenues in the governmental funds, but it reduces long-term receivables in the Statement of Net Position and does not affect the Statement of Activities.		(1,910,000)
The claims activity for property liability are reported in the governmental funds (General Fund) as expenidtures. In the Statement of Net Position, the property liabilities incurred but not claimed are reported as long-term liabilities.		(704,585)

Proceeds received from Certificates of Participation or Sale of Bonds is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. This year the District issued the following debt:	
General obligation bonds	$ (120,175,000)
Certificates of participation	(20,145,000)
Governmental funds report the effect of premiums and deferred charges on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities. This is the net effect of these related items:	
Premium on issuance	(8,300,600)
Deferred charge on refunding	7,742,699
Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities:	
General obligation bonds	74,575,000
Certificates of participation	21,835,000
Public financing authority bonds	2,795,000
Private placement debt issuances	1,485,000
Capital leases	492,759
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	3,871,046
Amortization deferred charge on refunding	(971,214)
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 decreased by $116,698, and second, $8,011,834 of accumulated interest was accreted on the District's capital appreciation general obligation bonds.	(7,895,136)
An internal service fund is used by management to charge the costs of the self insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.	715,636
Change in net position of governmental activities	$ (40,933,125)

	Governmental Activities
	Internal Service Fund
Assets	
Current assets	
Deposits and investments	$ 28,693,877
Receivables	74,820
Total current assets	28,768,697
Liabilities	
Current liabilities	
Accounts payable	394
Current portion of claims liabilities	3,307,482
Total current liabilities	3,307,876
Noncurrent liabilities	
Claims liabilities	17,182,518
Total net position	$ 8,278,303

	Governmental Activities
	Internal Service Fund
Operating Revenues	
Charges for services	4,967,745
Operating Expenses	
Payroll costs	355,497
Supplies and materials	5,092
Other operating cost	4,357,223
Total operating expenses	4,717,812
Operating Income	249,933
Nonoperating Revenues	
Interest income	465,703
Change in Net Position	715,636
Total Net Position - Beginning	7,562,667
Total Net Position - Ending	$ 8,278,303

	Governmental Activities Internal Service Fund
Operating Activities	
Cash received from assessment made to other funds	$ 4,984,089
Cash payments to employees for services	(355,497)
Cash payments for goods and services	(49,966)
Cash payments for insurance premiums	(3,903,223)
Net Cash From Operating Activities	675,403
Investing Activities	
Interest on investments	558,354
Net Change in Cash and Cash Equivalents	1,233,757
Cash and Cash Equivalents, Beginning	27,460,120
Cash and Cash Equivalents, Ending	$ 28,693,877
Reconciliation of Operating Income to Net Cash From Operating Activities	
Operating income	$ 249,933
Changes in assets and liabilities	
Receivables	16,344
Accounts payable	(44,874)
Unearned revenue	454,000
Net Cash From Operating Activities	$ 675,403

	Agency Funds
Assets	
Deposits and investments	$ 36,575,056
Receivables	261,716
Total assets	$ 36,836,772
Liabilities	
Accounts payable	$ 6,856
Due to student groups	3,153,127
Due to other bondholders	33,676,789
Total liabilities	$ 36,836,772

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Corona-Norco Unified School District (the District) was organized in 1948 under the laws of the State of California. The District operates under a locally-elected five-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 30 elementary schools, eight middle schools, five high schools, a middle college, two continuation schools, one school for the severely handicapped, an independent study program, and one adult education school.

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 Corona-Norco Unified School District, this includes general operations, food service, and student related activities of the District.

Component Units

Component units are legally separate organizations 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 described below have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (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 units 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 Corona-Norco Unified School District, the Community Facilities Districts (the CFDs), the Corona-Norco Unified School District Land Acquisition Corporation (the Corporation), and the Corona-Norco Unified School District Public Financing Authority (the Authority) have a financial and operational relationship which meets the reporting entity definition criteria of the GASB Statement No. 14, as amended by GASB Statement No. 39, *The Financial Reporting Entity*, for inclusion of the CFDs, the Authority, and the Corporation as component units of the District. Accordingly, the financial activities of the CFDs, Authority, and the Corporation have been included in the financial statements of the District. The financial statements present the Corporation's and Authority's financial activity within the Debt Service Fund for Blended Component Units and Capital Project Fund for Blended Units. The CFDs' financial activity is presented in the Capital Project Fund for Blended Component Units and the Agency Funds. All debt instruments issued by the Corporation and the Authority are included as long-term liabilities in the government-wide financial statement. Debt instruments issued by the CFD do not represent liabilities of the District or of the component units and are not included in the District-wide financial statements.

Basis of Presentation - Fund Accounting

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

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

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.

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

Non-Major Governmental Funds

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

- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.

- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

- **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 lA), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

- **Capital Project Fund for Blended Component Units** The Capital Project Fund for Blended Component Units is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

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

- **Debt Service Fund for Blended Component Units** The Debt Service Fund for Blended Component Units is used to account for the accumulation of resources for the payment of principal and interest on bonds issued by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

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 good or services provided to other funds of the District on a cost-reimbursement basis. The District operates a self-insured workers' compensation program that is accounted for in an internal service fund.

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

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

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

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

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

- **Governmental Funds** All Governmental Funds are accounted for using a 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 reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

- **Proprietary Funds** Proprietary Funds are accounted for using a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

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

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

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

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

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred. Principal and interest on general 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 entity-wide statements.

Cash and Cash Equivalents

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

Investments

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

Store Inventories

Inventory is valued at lower of cost or market utilizing the weighted average method. Inventory in the applicable funds consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are withdrawn from the store's inventory for consumption in the government type funds when consumed rather than when purchased.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $15,000. 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. Interest incurred during the construction of capital assets utilized by the enterprise fund is also capitalized.

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 general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

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

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings and improvements, 25 to 50 years; equipment, five to 15 years.

Interfund Balances

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums and Discounts

In the government-wide financial statements and in the proprietary fund type financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Debt premiums and discounts, 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 and discounts, as well as debt issuance costs are recognized in the period the bonds are issued. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the period the bonds are issued.

Deferred Outflows/Inflows of Resources

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

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, for pension related items, and for OPEB related items. The deferred charge on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate to differences between contributions and the District's proportionate share of contributions, differences between expected and actual experiences, and differences between expected and actual earnings on investments.

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Fund Balances - Governmental Funds

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

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

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

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 governing board or chief business 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 on-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than two percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $80,890,717 of net position restricted by enabling legislation.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges to other funds for self-insurance and charges for food sales. Operating expenses are necessary costs incurred to provide the good 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 on the financial statements. Interfund transfers are eliminated in the governmental activities columns of the statement of activities, except for the net residual amounts transferred between governmental activities.

Estimates

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

Property Tax

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

Change in Accounting Principles

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

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

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

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

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

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

New Accounting Pronouncements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental funds	$ 241,539,365
Fiduciary funds	36,575,056
Total deposits and investments	$ 278,114,421

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

Cash on hand and in banks	$ 2,598,176
Cash in revolving	215,920
Investments	275,300,325
Total deposits and investments	$ 278,114,421

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

Authorized Under Debt Agreements

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	N/A	None	None
Registered State Bonds, Notes, Warrants	N/A	None	None
Federal Housing Administration Debentures	N/A	None	None
Farmers Home Administration Certificates	N/A	None	None
Federal Home Loan Mortgage Corporation Obligations	N/A	None	None
Farm Credit Banks Bonds and Notes	N/A	None	None
Federal Home Loan Banks Obligations	N/A	None	None
Federal National Mortgage Association Obligations	N/A	None	None
Student Loan Marketing Association Obligations	N/A	None	None
Financing Corporation Obligations	N/A	None	None
Resolution Funding Corporation Obligations	N/A	None	None
Federal Housing Administration Certificates	N/A	None	None
General Services Administration Certificates	N/A	None	None
Government National Mortgage Association Mortgage-Backed Securities and Certificates	N/A	None	None
Small Business Administration Certificates	N/A	None	None
U.S. Department of Housing and Urban Development Bonds	N/A	None	None
U.S. Maritime Administration Financings	N/A	None	None
Washington Metropolitan Area Transit Authority Bonds	N/A	None	None
Unsecured Certificates of Deposit, Time Deposits, and Bankers' Acceptances	30 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Repurchase Agreements	N/A	None	None
Investment Agreement	N/A	None	None
Pre-Funded Municipal Obligations	N/A	None	None
State Sponsered Investment Pools (LAIF)	N/A	None	None
Guaranteed Pool Certificates	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Riverside 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 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.

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	Maturity Date/ Average Maturity in Days
Riverside County Treasury Investment Pool	$ 246,805,201	409
First American Treasury Obligation Money Market Funds	19,905,388	43
Federal Home Loan Banks Unsecured Senior Notes	343,094	9/11/2020
Federal Home Loan Banks Unsecured Senior Notes	418,752	2/18/2021
Federal Home Loan Banks Unsecured Senior Notes	1,909,046	8/31/2020
Toyota Motor Credit Corporation Commercial Paper	3,961,002	9/2/2020
Toyota Motor Credit Corporation Commercial Paper	195,813	11/30/2020
Toyota Motor Credit Corporation Commercial Paper	1,340,527	1/26/2021
U.S. Treasury Notes	421,502	1/31/2022
Total	$ 275,300,325	

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. All of the District's investments have been rated Aaa by Moody's Investor Services as of June 30, 2020, other than First American Treasury Obligation Money Market Mutual Funds and Toyota Motor Credit Commercial Paper, which has been rated Aaa and P-1, respectively.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the *California Government Code*. However, the District has no investments in any one issuer that represent five percent or more of the total investments (excluding investments issued by or explicitly guaranteed by the U.S. government, investments in money market mutual funds, and investments in external investment pools).

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 has a policy for custodial credit risk for deposits. However, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2020, the District's bank balance of $11,171,790 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.

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

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

		Fair Value Measurements Using		
Investment Type	Reported Amount	Level 1 Inputs	Level 2 Inputs	Uncategorized
U.S. Agencies Securities	$ 2,670,892	$ -	$ 2,670,892	$ -
U.S. Treasury Notes	421,502	421,502	-	-
First American Treasury Obligation Money Market Mutual Funds	19,905,388	-	19,905,388	-
Toyota Motor Credit Commercial Paper	5,497,342	-	5,497,342	-
Riverside County Treasury Investment Pool	246,805,201	-	-	246,805,201
Total	$ 275,300,325	$ 421,502	$ 28,073,622	$ 246,805,201

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

Note 4 - Receivables

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

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities	Fiduciary Funds
Federal Government						
Categorical aid	$ 13,151,693	$ -	$ 1,470,492	$ -	$ 14,622,185	$ -
State Government						
LCFF apportionment	55,614,738	-	-	-	55,614,738	-
Categorical aid	957,350	-	521,800	-	1,479,150	-
Lottery	2,667,643	-	-	-	2,667,643	-
Special education	3,911,490	-	-	-	3,911,490	-
Local Government						
Interest	231,709	197,158	5,574	66,384	500,825	-
Other local sources	3,461,197	-	2,934,938	8,436	6,404,571	261,716
Total	$ 79,995,820	$ 197,158	$ 4,932,804	$ 74,820	$ 85,200,602	$ 261,716

Note 5 - Long-Term Receivables

The $62,365,000 long-term receivable represents special taxes on parcels of taxable property within the Community Facilities Districts (CFDs) to be paid to the Corona-Norco Unified School District Public Financing Authority to pay principal and interest of bonds used to refinance CFDs' debt.

Note 6 - Capital Assets

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

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Governmental Activities				
Capital assets not being depreciated				
Land	$ 86,028,059	$ -	$ (1,627,000)	$ 84,401,059
Construction in progress	235,919,883	56,239,759	(1,968,401)	290,191,241
Total capital assets not being depreciated	321,947,942	56,239,759	(3,595,401)	374,592,300
Capital assets being depreciated				
Land improvements	77,444,743	-	-	77,444,743
Buildings and improvements	1,052,361,447	1,658,751	-	1,054,020,198
Furniture and equipment	46,007,352	646,361	-	46,653,713
Total capital assets being depreciated	1,175,813,542	2,305,112	-	1,178,118,654
Total capital assets	1,497,761,484	58,544,871	(3,595,401)	1,552,710,954
Accumulated depreciation				
Land improvements	(51,906,999)	(3,287,984)	-	(55,194,983)
Buildings and improvements	(438,636,445)	(30,719,545)	-	(469,355,990)
Furniture and equipment	(31,424,812)	(1,532,596)	-	(32,957,408)
Total accumulated depreciation	(521,968,256)	(35,540,125)	-	(557,508,381)
Governmental activities capital assets, net	$ 975,793,228	$ 23,004,746	$ (3,595,401)	$ 995,202,573

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Instruction	$ 30,903,075
Supervision of instruction	781,457
School site administration	639,374
Home-to-school transportation	745,937
Food services	19,349
All other pupil services	177,603
Data processing	142,083
All other administration	710,415
Plant services	1,420,832
Total depreciation expenses governmental activities	$ 35,540,125

Note 7 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

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

	Due From		
Due To	General Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ 3,519,520	$ 3,519,520
Non-Major Governmental Funds	628,045	-	628,045
Total	$ 628,045	$ 3,519,520	$ 4,147,565

A balance of $628,045 due to the Child Development Non-Major Governmental Fund from the General Fund resulted from an operating contribution.

A balance of $3,519,520 is due to the General Fund from the Cafeteria Non-Major Governmental Fund resulted from salary, benefits, and other operating expenditures.

Operating Transfers

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

	Transfer From		
Transfer To	General Fund	Non-Major Governmental Funds	Total
Non-Major Governmental Funds	$ 957,631	$ 669,848	$ 1,627,479

The General Fund transferred to the Child Development Non-Major Governmental Fund for operating contributions.	$ 329,586
The General Fund transferred to the Cafeteria Non-Major Governmental Fund for operating contributions.	628,045
The Capital Facilities Non-Major Governmental Fund transferred to the Debt Services Non-Major Governmental Fund for debt service requirements on certificates of participation.	503,074
The Debt Services Non-Major Governmental Fund transferred to the Capital Facilities Non-Major Governmental Fund excess payment refund.	166,774
Total	$ 1,627,479

Note 8 - Accounts Payable

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

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total	Fiduciary Funds
Salaries and benefits	$ 9,502,870	$ -	$ 60,606	$ -	$ 9,563,476	$ -
LCFF apportionment	30,404,336	-	-	-	30,404,336	-
Supplies	3,392,398	444,042	212,279	-	4,048,719	-
Services	6,944,768	234,311	544,508	394	7,723,981	6,856
Capital outlay	33,991	12,985,883	444,659	-	13,464,533	-
Other vendor payables	261,062	2,823	11,871	-	275,756	-
Total	$ 50,539,425	$ 13,667,059	$ 1,273,923	$ 394	$ 65,480,801	$ 6,856

Note 9 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	$ 27,931	$ -	$ 27,931
State categorical aid	630,242	-	630,242
Other local	-	462,971	462,971
Total	$ 658,173	$ 462,971	$ 1,121,144

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, 2019	Additions	Deductions	Balance June 30, 2020	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 526,867,038	$ 128,186,834	$ (74,575,000)	$ 580,478,872	$ 20,830,000
Premium on issuance	37,472,487	8,300,600	(3,361,775)	42,411,312	-
Certificates of participation	21,835,000	-	(21,835,000)	-	-
Premium on issuance	509,271	-	(509,271)	-	-
2020 Refunding Lease (Private placement)	-	20,145,000	(1,485,000)	18,660,000	1,570,000
Corona-Norco Unified School District Public financing authority bonds	58,530,000	-	(2,795,000)	55,735,000	2,900,000
Capital leases	7,634,785	-	(492,759)	7,142,026	503,460
Property and liability	538,615	1,177,335	(472,750)	1,243,200	-
Claims liability	20,036,000	3,761,482	(3,307,482)	20,490,000	3,307,482
Supplemental early retirement plan (SERP)	3,949,311	-	(1,974,656)	1,974,655	1,974,655
Compensated absences	5,028,406	72,656	-	5,101,062	-
Total	$ 682,400,913	$ 161,643,907	$ (110,808,693)	$ 733,236,127	$ 31,085,597

- Payments for General Obligation Bonds are made in the Bond Interest and Redemption Fund.
- Payments for the Certificates of Participation are made in the Debt Service Fund for Blended Component Units.
- Payments for the Certificates of Participations (Private placement) are made in the Capital Facilities Fund.
- Payments for the Corona-Norco Unified School District Public Financing Authority Bonds are made in the Debt Service Fund for Blended Component Units
- Payments for Capital Leases are made in the General Fund.
- Payments for property and liability are made in the General Fund.
- Claims liability is paid from the Internal Service Fund.
- Payments for the Supplemental Early Retirement Plan and other postemployment benefits are made in the General Fund.
- Payments for compensated absences are typically liquidated in the General Fund and other Non-Major Governmental Funds.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2019	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2020
7/1/2000	8/1/2025	4.15-6.04%	$ 14,885,534	$ 11,376,646	$ -	$ 660,077	$ (1,790,000)	$ 10,246,723
12/1/2001	9/1/2026	3.00-5.72%	23,000,139	21,538,353	-	1,168,713	(2,470,000)	20,237,066
12/12/2002	9/1/2027	2.50-5.71%	10,113,949	11,314,213	-	633,091	(765,000)	11,182,304
2/4/2009	2/1/2034	3.00-6.11%	53,429,200	13,585,233	-	1,392,520	-	14,977,753
12/1/2009	8/1/2039	2.50-7.08%	67,997,922	64,646,104	-	3,283,767	(24,165,000)	43,764,871
12/1/2009	8/1/2036	4.77%	32,000,000	32,000,000	-	-	(32,000,000)	-
11/26/2011	8/1/2027	2.00-5.50%	21,568,291	21,611,489	-	873,666	(4,655,000)	17,830,155
7/8/2015	8/1/2044	2.50-5.00%	99,995,000	84,560,000	-	-	(4,135,000)	80,425,000
7/8/2015	8/1/2031	3.00-5.00%	51,675,000	47,335,000	-	-	(3,065,000)	44,270,000
9/27/2016	8/1/2039	3.00-4.00%	70,030,000	68,315,000	-	-	(1,530,000)	66,785,000
9/27/2016	8/1/2035	4.00%	31,145,000	31,145,000	-	-	-	31,145,000
4/5/2018	8/1/2047	3.00-5.00%	119,440,000	119,440,000	-	-	-	119,440,000
10/24/2019	8/1/2049	3.00-5.00%	86,000,000	-	86,000,000	-	-	86,000,000
10/24/2019	8/1/2039	1.73-3.19%	34,175,000	-	34,175,000	-	-	34,175,000
				$ 526,867,038	$ 120,175,000	$ 8,011,834	$ (74,575,000)	$ 580,478,872

1998 General Obligations Bonds, Series B

On July 1, 2000, the District issued $14,885,534 of 1998 General Obligation Bonds, Series B. The Series B Bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting $18,234,466, and an aggregate principal debt service balance of $33,120,000. The bonds have a final maturity to occur on March 1, 2025, with interest rates ranging from 4.15 to 6.04 percent. Proceeds from the sale of the bonds were used to finance the construction of school facilities and the repair of existing school facilities. At June 30, 2020, the principal balance outstanding of the 1998 General Obligation Bonds, Series B was $10,246,723.

1998 General Obligation Bonds, Series C

On December 1, 2001, the District issued $23,000,139 of 1998 General Obligation Bonds, Series C. The Series C bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting $23,459,861, and an aggregate principal debt service balance of $46,460,000. The bonds have a final maturity to occur on September 1, 2026, with interest rates ranging from 3.00 to 5.72 percent. Proceeds from the sale of the bonds were used to finance the construction of school facilities and the repair of existing school facilities. At June 30, 2020, the principal balance outstanding on the 1998 General Obligation Bonds, Series C was $20,237,066. Unamortized premium received on issuance of the bonds amounted to $95,352 as of June 30, 2020.

1998 General Obligation Bonds, Series D

On December 12, 2002, the District issued $10,113,949 of 1998 General Obligation Bonds, Series D. The Series D bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting to $13,461,051, and an aggregate principal debt service balance of $23,575,000. The bonds have a final maturity on September 1, 2027, with interest rates ranging from 2.5 to 5.71 percent. Proceeds from the sale of the bonds were used to finance the construction of school facilities and the repair of existing school facilities. At June 30, 2020, the principal balance outstanding of the 1998 General Obligation Bonds, Series D was $11,182,304. Unamortized premium received on issuance of the bonds amounted to $73,123, as of June 30, 2020.

2006 General Obligation Bonds, Series B

On February 4, 2009, the District issued $53,429,200 of 2006 General Obligation Bonds, Series B. The Series B Bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting to $18,630,800, and an aggregate principal debt service balance of $72,060,000. The bonds have a final maturity to occur on February 1, 2034, with interest rates ranging from 3.0 to 6.11 percent. Proceeds from the sale of the bonds were used to finance the construction of school facilities and the repair of existing school facilities. On September 27, 2016, $41,330,000 of principle was defeased with proceeds from the issuance of the District's 2016 General Obligation Refunding Bonds, Series A. As of June 30, 2020, the principal balance outstanding on the 2006 General Obligation Bonds, Series B was $14,977,753. Unamortized premium received on issuance of the bonds amounted to $1,699,569, as of June 30, 2020.

2006 General Obligation Bonds, Series C

On December 1, 2009, the District issued $67,997,922 of 2006 General Obligation Bonds, Series C. The Series C Bonds were issued as current interest bonds, capital appreciation bonds, and convertible capital appreciation bonds, with the value of the capital appreciation bonds accreting to $87,472,171, and an aggregate principal debt service balance of $155,470,093. The bonds have a final maturity to occur on August 1, 2039, with interest rates ranging from 2.50 to 7.08 percent. Proceeds from the sale of the bonds were used to pay off the 2009 General Obligation Bond Anticipation Notes, with any remaining amount to be used to finance the construction of school facilities and the repair of existing school facilities. On September 27, 2016, $28,405,000 of principle was defeased with proceeds from the issuance of the District's 2016 General Obligation Refunding Bonds, Series A. On October 24, 2019, $20,830,000 of principle was defeased with proceeds from the issuance of the District's 2019 General Obligation Refunding Bonds. As of June 30, 2020, the principal balance outstanding on the 2006 General Obligation Bonds, Series C was $43,764,871. Unamortized premium received on issuance of the bonds amounted to $5,342,547, as of June 30, 2020.

2006 General Obligation Bonds, Series D

On December 1, 2009, the District issued $32,000,000 of 2006 General Obligation Bonds, Series D. The bonds have a final maturity to occur on August 1, 2036 and yield an interest rate of 4.772 percent. Proceeds from the sale of the bonds were used to finance the construction of school facilities and the repair of existing school facilities. On August 1, 2019, the 2006 General Obligation Bonds, Series D was defeased with proceeds from the District's 2016 General Obligation Refunding Bonds, Series B (2019 Cross Over).

2006 General Obligation Bonds, Series E

On November 26, 2011, the Corona-Norco Unified School District issued $21,568,291 of 2006 General Obligation Bonds, Series E. The Series E bonds represent the fifth and final series of authorized bonds not to exceed $250,000,000 to be issued under the measure as approved by the voters. The Series E bonds were issued as current interest bonds and convertible capital appreciation bonds, with the value of convertible capital appreciation bonds accreting to $7,411,709, and an aggregate principle debt service balance of $28,980,000. The bonds have a final maturity on August 1, 2027, with interest rates ranging from 2.00 to 5.50 percent. Proceeds from the sale of bonds were used to finance the construction of school facilities and repair of existing school facilities. On October 24, 2019, $4,505,000 of principle was defeased with proceeds from the issuance of the District's 2019 General Obligation Refunding Bonds. On June 30, 2020, the principal balance outstanding on the 2006 General Obligation Bonds, Series E was $17,830,155. Unamortized premium received on issuance as of June 30, 2020, amounted to $75,004.

2014 General Obligation, Series A

On July 8, 2015, the Corona-Norco Unified School District issued 2014 General Obligation Bonds, Series A in the amount of $99,995,000. The Series A bonds represent the first series of authorized bonds not to exceed $396,000,000 to be issued under the measure as approved by the voters. The Series A bonds were issued as current interest bonds. The bonds were issued at an aggregate price of $108,057,551 (representing the principal amount of $99,995,000 and premium of $8,728,494, less cost of issuance of $665,944). The bonds have a final maturity which occurs on August 1, 2044 with interest rates of 2.5 to 5.0 percent. Proceeds from the sale of the bonds were used to finance the construction of school facilities and repair of existing school facilities. As of June 30, 2020, the principal balance outstanding was $80,425,000, and unamortized premium on issuance was $7,223,580.

2015 General Obligation Refunding Bonds

On July 8, 2015, the Corona-Norco Unified School District issued 2015 General Obligation Refunding Bonds in the amount of $51,675,000. The refunding bonds were issued as current interest bonds. The bonds were issued at an aggregate price of $57,052,754 (representing the principal amount of $51,675,000 and premium of $5,725,655, less cost of issuance of $347,901). The bonds have a final maturity which occurs on August 1, 2031 with interest rates of 3.0 to 5.0 percent. Proceeds from the sale of the bonds were used to provide advance refunding of the District's 2005 General Obligation Refunding Bonds and partial refunding of 2006 General Obligation Bonds Series A in in the amount of $3,980,000 and $47,855,000, respectively. As of June 30, 2020, the principal balance outstanding was $44,270,000, and unamortized premium on issuance and deferred charge on refunding were $3,936,389 and $1,889,930, respectively.

2016 General Obligation Refunding Bonds, Series A

On September 27, 2016, the Corona-Norco Unified School District issued 2016 General Obligation Refunding Bonds, Series A in the amount of $70,030,000. The refunding bonds were issued as current interest bonds. The bonds were issued at an aggregate price of $77,533,286 (representing the principal amount of $70,030,000 and premium of $7,981,433, less cost of issuance of $478,147). The bonds have a final maturity which occurs on August 1, 2039 with interest rates of 3.0 to 4.0 percent. Proceeds from the sale of the bonds were used to provide advance refunding of the District's 2006 General Obligation Bonds, Series B and partial refunding of 2006 General Obligation Bonds, Series C in the amount of $41,330,000 and $28,405,000, respectively. The refunding resulted in a cumulative cash flow saving of $15,342,721 over the life of the new debt and an economic gain of $19,921,520 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.59 percent. As of June 30, 2020, the principal balance outstanding was $66,785,000, and unamortized premium on issuance and deferred charge on refunding were $6,593,357 and $6,016,321, respectively.

2016 General Obligation Refunding Bonds, Series B (2019 Crossover)

On September 27, 2016, the Corona-Norco Unified School District issued 2016 General Obligation Refunding Bonds, Series B (2019 Crossover) in the amount of $31,145,000. The refunding bonds were issued as current interest bonds. The bonds were issued at an aggregate price of $34,649,907 (representing the principal amount of $31,145,000 and premium of $3,726,198, less cost of issuance of $221,291). The bonds have a final maturity which occurs on August 1, 2035 with interest rates of 4.0 percent. Proceeds from the sale of the bonds will be used to provide advance refunding on the crossover date of August 1, 2019, of the District's 2006 General Obligation Bonds, Series D in the amount of $32,000,000 and pay the cost of issuing the refunding bonds. The refunding resulted in a cumulative cash flow saving of $4,513,074 over the life of the new debt and an economic gain of $6,062,795 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.59 percent. As of June 30, 2020, the principal balance outstanding was $31,145,000, and unamortized premium on issuance and deferred charge on refunding were $2,941,734 and $372,401, respectively.

2014 General Obligation Bonds, Series B

On April 5, 2018, the Corona-Norco Unified School District issued 2014 General Obligation Bonds, Series B in the amount of $119,440,000. The Series B bonds represent the second series of authorized bonds not to exceed $396,000,000 to be issued under the measure as approved by the voters. The Series B bonds were issued as current interest bonds. The bonds were issued at an aggregate price of $125,621,046 (representing the principal amount of $119,440,000 and premium of $6,870,640, less cost of issuance of $689,594). The bonds have a final maturity which occurs on August 1, 2047 with interest rates of 3.0 to 5.0 percent. Proceeds from the sale of the bonds were used to finance the repair, upgrading, acquisition, construction and equipping of District sites and facilities. As of June 30, 2020, the principal balance outstanding was $119,440,000, and unamortized premium on issuance was $6,337,572.

2014 General Obligation, Series C

On October 24, 2019, the Corona-Norco Unified School District issued 2014 General Obligation Bonds, Series C in the amount of $86,000,000. The Series C bonds represent the second series of authorized bonds not to exceed $396,000,000 to be issued under the measure as approved by the voters. The Series C bonds were issued as current interest bonds. The bonds were issued at an aggregate price of $93,788,057 (representing the principal amount of $86,000,000 and premium of $8,300,600, less cost of issuance of $512,543). The bonds have a final maturity which occurs on August 1, 2049 with interest rates of 3.0 to 5.0 percent. Proceeds from the sale of the bonds were used to finance the acquisition, construction and equipping of District sites and facilities. As of June 30, 2020, the principal balance outstanding was $86,000,000, and unamortized premium on issuance was $8,093,085.

2019 General Obligation Refunding Bonds

On October 24, 2019, the Corona-Norco Unified School District issued 2019 General Obligation Refunding Bonds in the amount of $34,175,000. The refunding bonds were issued as current interest bonds. The bonds were issued at an aggregate price of $33,872,974 (representing the principal amount of $34,175,000 less cost of issuance of $302,026). The bonds have a final maturity which occurs on August 1, 2039 with interest rates of 1.73 to 3.19 percent. Proceeds from the sale of the bonds were used to provide partial refunding of the District's 2006 General Obligation Bonds, Series C and partial refunding of 2006 General Obligation Bonds, Series E in the amount of $20,830,000 and $4,505,000, respectively. The refunding resulted in a cumulative cash flow saving of $3,199,134 over the life of the new debt and an economic gain of $4,015,417 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.41 percent. As of June 30, 2020, the principal balance outstanding was $34,175,000 and deferred charge on refunding was $7,123,095.

The general obligation bonds mature as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Interest to Maturity	Total
2021	$ 20,372,865	$ 457,135	$ 19,264,109	$ 19,721,244
2022	21,464,891	1,415,109	19,308,579	20,723,688
2023	20,870,894	2,284,106	19,301,744	21,585,850
2024	20,143,053	3,211,947	18,817,998	22,029,945
2025	18,770,273	4,419,727	18,368,759	22,788,486
2026-2030	86,641,255	16,258,745	83,677,603	99,936,348
2031-2035	85,634,247	8,718,107	68,748,812	77,466,919
2036-2040	130,261,394	30,291,346	47,973,358	78,264,704
2041-2045	86,705,000	-	28,187,925	28,187,925
2046-2050	89,615,000	-	8,174,600	8,174,600
Total	$ 580,478,872	$ 67,056,222	$ 331,823,487	$ 398,879,709

2011 Refunding Certificates of Participation, Series A

In September 2010 the Corona-Norco Unified School District Land Acquisition Corporation issued the 2011 Refunding Certificates of Participation, Series A in the amount of $32,125,000. The certificates have a final maturity to occur on April 15, 2031, with interest rates ranging from 4.625 to 5.000 percent. Proceeds from the sale of the certificates were used to provide for the current refunding of the District's $38,105,000 Certificates of Participation. As of June 30, 2020, the certificates were fully defeased by the 2020 Refunding Lease.

2020 Refunding Lease (Private Placement)

On January 1, 2020, the Corona-Norco Unified School District Land Acquisition Corporation issued the 2020 Refunding Lease in the amount of $20,145, 000. The lease has a final maturity to occur on April 15, 2031, with interest rate of 3.20 percent. Proceeds from the sale of the lease were used to provide the current refunding of the District's 2011 Refunding Certificates of Participation, Series A. The refunding resulted in a cumulative cash flow saving of $2,189,535 over the life of the new debt and an economic gain of $2,643,144 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 3.2 percent. As of June 30, 2020, the principal balance outstanding was $18,660,000 and deferred charge on refunding was $(46,961).

The 2020 Refunding Lease mature as follows:

Year Ending June 30,	Principal	Interest	Total
2021	$ 1,570,000	$ 584,560	$ 2,154,560
2022	1,620,000	533,920	2,153,920
2023	1,670,000	481,680	2,151,680
2024	1,725,000	427,840	2,152,840
2025	1,780,000	372,160	2,152,160
2026-2030	9,810,000	960,560	10,770,560
2031	485,000	11,680	496,680
Total	$ 18,660,000	$ 3,372,400	$ 22,032,400

Corona-Norco Unified School District Public Financing Authority Bonds

The Corona-Norco Unified School District Public Financing Authority (PFA) was created to refinance the Community Facility Districts' (CFD) debt. The 2005 PFA, Series B Refunding Bonds refinanced the debt for CFDs 1997-1, 1999-1, 1999-2, and 2002-1. The 2006 PFA, Series A and Series B bonds refinanced the debt for CFDs 2004-2 Area 2 and 2004-2 Area 3, respectively. The 2013 PFA, Series A and Series B bonds refinanced the debt for CFD 2000-1, 2001-1 Area A and B, 2001-2 Area A, 2003-3 Area A and B, CFD 2003-4, 2001-2 Area B, 2001-2 Area C, 2003-2, 2003-5, and 2003-1. Lastly, the 2016 PFA, Series A Refunding Bonds refinanced the debt for 2005 PFA, Series B Refunding Bonds. As of June 30, 2020, the principal balance is $55,735,000.

Year Ending June 30,	Principal	Interest	Total
2021	$ 2,900,000	$ 2,428,813	$ 5,328,813
2022	3,050,000	2,303,619	5,353,619
2023	3,135,000	2,172,233	5,307,233
2024	3,280,000	2,034,829	5,314,829
2025	3,425,000	1,889,845	5,314,845
2026-2030	19,395,000	7,011,656	26,406,656
2031-2035	18,300,000	2,452,368	20,752,368
2036-2040	2,250,000	68,029	2,318,029
Total	$ 55,735,000	$ 20,361,392	$ 76,096,392

Capital Leases

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

Balance, July 1, 2019	$ 8,842,825
Payments	(655,024)
Balance, July 1, 2020	$ 8,187,801

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2021	$ 655,024
2022	655,024
2023	655,024
2024	655,024
2025	655,024
2026-2030	3,275,121
2031-2033	1,637,560
Total	8,187,801
Less amount representing interest	(1,045,775)
Present value of minimum lease payments	$ 7,142,026

Property and Liability

The District had outstanding reserves that amounted to $1,243,200 at June 30, 2020 based on its self-insured retention amounts of $250,000 for its property and liability programs.

Claims Liability

Liabilities associated with workers' compensation claims are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are based upon estimated ultimate cost of settling the claims, considering recent claim settlement trends including the frequency and amount of payouts and other economic and social factors. The liability for workers' compensation claims is reported in the Internal Service Fund. The outstanding claims liability at June 30, 2020, amounted to $20,490,000, using a discount factor of 1.0 percent.

Supplemental Early Retirement Plan (SERP)

The District adopted a supplemental retirement plan whereby certain eligible certificated non-management and certificated/classified management employees are provided an annuity to supplement the retirement benefits they are entitled to through their respective retirement systems. The annuities offered to the employees are to be paid over a five-year period. The annuities, which were purchased for employees who retired during the 2012-2013 and 2015-2016 school year, were purchased from Pacific Life Insurance Company. As of June 30, 2020, the balance of the obligation associated with the supplemental early retirement plan was $1,974,655.

Future payments are as follows:

Year Ending June 30,	Lease Payment
2021	$ 1,974,655

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2020, amounted to $5,101,062.

Note 11 - Net Other Postemployment Benefit (OPEB) Liability

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

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Retiree Health Plan	$ 73,384,526	$ 6,715,285	$ 1,212,677	$ 9,753,384
Medicare Premium Payment (MPP) Program	3,492,682	-	-	(105,397)
Total	$ 76,877,208	$ 6,715,285	$ 1,212,677	$ 9,647,987

The details of each plan are as follows:

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph four of GASB Statement No. 75.

Plan Membership

As of June 30, 2020, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	222
Active employees	3,434
Total	3,656

Benefits Provided

The Plan provides medical and dental 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.

The benefit payment requirements of Plan members and the District are established and may be amended by the District, the Corona-Norco Teachers Association (CNTA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, CNTA, CSEA, and the unrepresented groups. For measurement period June 30, 2019, the District paid $1,804,100 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $73,384,526 was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions

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

Inflation	2.75	percent
Salary increases	2.75	percent, average, including inflation
Discount rate	3.50	percent for 2019
Healthcare cost trend rates	4.00	percent

The discount rate was based on the Bond Buyer 20-bond General Obligation Index. There were no changes to the benefit terms noted.

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actual experience study for the period July 1, 2018 to June 30, 2019.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2018	$ 62,129,465
Service cost	5,215,527
Interest	2,418,192
Differences between expected and actual experience in the measurement of the total OPEB liability	4,069,755
Changes of assumptions	1,355,687
Benefit payments	(1,804,100)
Net change in total OPEB liability	11,255,061
Balance, June 30, 2019	$ 73,384,526

Changes of assumptions reflect a change in the discount rate from 3.80 percent for measurement period June 30, 2018 to 3.5 percent for measurement period 2019.

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

The following presents the total OPEB liability of the District, as well as what the District's total 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	Total OPEB Liability
1% decrease (2.5%)	$ 77,882,645
Current discount rate (3.5%)	73,384,526
1% increase (4.5%)	68,956,879

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

The following presents the total OPEB liability of the District, as well as what the District's total 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	Total OPEB Liability
1% decrease (3.0%)	$ 70,568,332
Current healthcare cost trend rate (4.0%)	73,384,526
1% increase (5.0%)	74,824,380

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

For the year ended June 30, 2020, the District recognized OPEB expense of $9,753,384. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 1,704,000	$ -
Differences between expected and actual experience in the measurement of the total OPEB liability	3,759,086	-
Changes of assumptions	1,252,199	1,212,677
Total	$ 6,715,285	$ 1,212,677

The deferred outflows of resources related to the amount paid by the District for OPEB as the benefits come due subsequent to measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 315,565
2022	315,565
2023	315,565
2024	315,565
2025	315,565
Thereafter	2,220,783
Total	$ 3,798,608

Medicare Premium Payment (MPP) Program

Plan Description

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

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

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2020, the District reported a liability of $3,492,682 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2019 and June 30, 2018, respectively, was 0.9379 percent, and 0.9400 percent, resulting in a net decrease in the proportionate share of 0.0021 percent.

For the year ended June 30, 2020, the District recognized OPEB expense of $(105,397).

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.50%)	$ 3,811,317
Current discount rate (3.50%)	3,492,682
1% increase (4.50%)	3,199,716

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

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	$ 3,273,688
Current Medicare costs trend rate (3.7% Part A and 4.1% Part B)	3,492,682
1% increase (4.7% Part A and 5.1% Part B)	3,930,119

Note 12 - Non-Obligatory Debt

Non-obligatory debt relates to debt issuances by the Community Facility Districts, as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Mark-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders and may initiate foreclosure proceedings. Special assessment debt of $93,870,000 as of June 30, 2020, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

Note 13 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	$ 205,000	$ -	$ -	$ 10,920	$ 215,920
Stores inventories	150,596	-	-	571,293	721,889
Total nonspendable	355,596	-	-	582,213	937,809
Restricted					
Legally restricted programs	9,800,032	-	-	1,608,044	11,408,076
Capital projects	-	59,830,167	-	7,137,099	66,967,266
Debt services	-	-	55,074,509	12,101,639	67,176,148
Total restricted	9,800,032	59,830,167	55,074,509	20,846,782	145,551,490
Assigned					
School site planned expenditures	6,411,846	-	-	-	6,411,846
LCAP planned expenditures	3,928,089	-	-	-	3,928,089
Instructional materials, facilities maintenance, & technology	18,700,000	-	-	-	18,700,000
Local grants	305,609	-	-	-	305,609
Enrollment adjustment	44,370,360	-	-	-	44,370,360
Total assigned	73,715,904	-	-	-	73,715,904
Unassigned					
Reserve for economic uncertainties	11,886,405	-	-	-	11,886,405
Total	$ 95,757,937	$ 59,830,167	$ 55,074,509	$ 21,428,995	$ 232,091,608

Note 14 - Risk Management

Description

The District accounts for risk management activities in the General Fund and in the Internal Service Fund. The purpose of the Internal Service Fund is to administer the workers' compensation program for the District. The activity of the Internal Service Fund does not constitute a transfer of risk from the District. All other risk financing activities are accounted for in the General Fund including employee benefit programs, and property and liability coverage. The District's property and liability programs are covered through the District's participation in Southern California Regional Liability Excess Fund (SCR). The District's has contracted with Self Insured Schools of California (SISC) and Voluntary Employee Beneficiary Association (VEBA) to provide employee health benefits. The District provides health insurance benefits to District employees electing to participate in the plan by paying a monthly premium based on the number of District employees participating in the plan. The District purchases excess liability insurance for the liability and property coverages from Safety National Insurance commercial carrier. Refer to Note 16 for additional information regarding JPAs.

Significant losses are covered by commercial insurance for all major programs. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year.

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. Claims liabilities of $20,036,000 have been discounted at 1.0 percent as of June 30, 2020. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2018 to June 30, 2020:

	Workers' Compensation
Liability Balance, July 1, 2018	$ 17,787,000
Claims and changes in estimates	5,041,931
Claims payments	(2,792,931)
Liability Balance, June 30, 2019	20,036,000
Claims and changes in estimates	3,761,482
Claims payments	(3,307,482)
Liability Balance, June 30, 2020	$ 20,490,000
Assets available to pay claims at June 30, 2020	$ 28,768,697

Note 15 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2020, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 478,835,847	$ 124,281,636	$ 38,427,416	$ 60,293,096
CalPERS	146,979,773	31,798,114	3,842,653	24,863,109
Total	$ 625,815,620	$ 156,079,750	$ 42,270,069	$ 85,156,205

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, 2018, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

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

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

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the District's total contributions were $49,877,936.

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

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

Total net pension liability, including State share	
Proportionate share of net pension liability	$ 478,835,847
State's proportionate share of the net pension liability	261,236,921
Total	$ 740,072,768

The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2019 and June 30, 2018, respectively, was 0.5302 percent and 0.5237 percent, resulting in a net increase in the proportionate share of 0.0065 percent.

For the year ended June 30, 2020, the District recognized pension expense of $60,293,096. In addition, the District recognized pension expense and revenue of $38,903,811 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 49,877,936	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	12,632,624	6,489,474
Differences between projected and actual earnings on pension plan investments	-	18,444,904
Differences between expected and actual experience in the measurement of the total pension liability	1,208,807	13,493,038
Changes of assumptions	60,562,269	-
Total	$ 124,281,636	$ 38,427,416

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ (1,860,484)
2022	(14,643,082)
2023	(3,040,131)
2024	1,098,793
Total	$ (18,444,904)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 14,843,402
2022	14,843,403
2023	12,619,643
2024	13,251,395
2025	(627,960)
Thereafter	(508,695)
Total	$ 54,421,188

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 713,026,212
Current discount rate (7.10%)	478,835,847
1% increase (8.10%)	284,647,435

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) 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 plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

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

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	19.721%	19.721%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the total District contributions were $14,124,789.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $146,979,773. The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2019 and June 30, 2018, respectively, was 0.5043 percent and 0.5131 percent, resulting in a net decrease in the proportionate share of 0.0088 percent.

For the year ended June 30, 2020, the District recognized pension expense of $24,863,109. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 14,124,789	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	2,479,389
Differences between projected and actual earnings on pension plan investments	-	1,363,264
Differences between expected and actual experience in the measurement of the total pension liability	10,676,631	-
Changes of assumptions	6,996,694	-
Total	$ 31,798,114	$ 3,842,653

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 1,345,694
2022	(2,687,980)
2023	(407,329)
2024	386,351
Total	$ (1,363,264)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 9,887,869
2022	3,930,565
2023	1,250,458
2024	125,044
Total	$ 15,193,936

Actuarial Methods and Assumptions

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

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

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 211,861,679
Current discount rate (7.15%)	146,979,773
1% increase (8.15%)	93,155,751

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use the social security as its alternative plan.

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 $27,287,029 (10.328 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated an additional 2019–2020 contribution on behalf of school employers of $1.1 billion for CalSTRS. A proportionate share of these contributions totaling $9,153,509 has been recorded in these financial statements. On behalf payments related to these additional contributions have been excluded from the calculation of available reserves and have not been included in the budgeted amounts reported in the *General Fund – Budgetary Comparison Schedule.*

Note 16 - Commitments and Contingencies

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2020.

Litigation

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

Construction Commitments

As of June 30, 2020, the District had the following commitments with respect to unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Home Gardens K-8 - Relo-Kindergarten expansion	$ 188,531	September 2020
Corona Fundamental - MPR/Gymnasium	12,342,853	July 2020
Rondo Elementary - New Elementary School	1,610,208	July 2020
Jefferson Elementary - School upgrades/admin/classrooms	12,382,431	July 2021
Norco Intermediate - School upgrades/admin/MPR/HVAC	12,958,294	July 2021
Total	$ 39,482,317	

Note 17 - Participation in Public Entity Risk Pools

The District is a member of the Southern California Regional Liability Excess Fund (SCR), Self-Insured Schools of California (SISC), and Voluntary Employee Beneficiary Association (VEBA) joint powers authorities. The District pays an annual premium to SCR for liability and property coverage. Payments for health benefits are paid to SISC and VEBA. The relationship between the District and the pools are such that the pools are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of their 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 generally available from the entities.

During the year ended June 30, 2020, the District made a payment of $2,390,324, $14,831,927, and $28,056,447 to SCR, SISC, and VEBA, respectively, for the coverage noted above.

Note 18 - Subsequent Events

Coronavirus Pandemic

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

2020 General Obligation Refunding Bonds

On August 5, 2020, the Corona-Norco Unified School District issued 2020 General Obligation Refunding Bonds in the amount of $53,780,000. The refunding bonds were issued as current interest bonds. The bonds have a final maturity which occurs on August 1, 2044 with interest rates of 0.445 to 2.794 percent. Proceeds from the sale of the bonds were used to provide advance refunding of the District's 2014 General Obligation Bonds, Series A.

Required Supplementary Information
June 30, 2020

Corona-Norco Unified School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 487,387,241	$ 486,793,189	$ 486,365,552	$ (427,637)
Federal sources	20,254,803	29,534,765	21,750,790	(7,783,975)
Other State sources	75,194,305	86,526,727	94,239,249	7,712,522
Other local sources	6,990,000	8,051,014	12,214,336	4,163,322
Total revenues [1]	589,826,349	610,905,695	614,569,927	3,664,232
Expenditures				
Current				
Certificated salaries	296,299,740	296,580,078	294,408,709	2,171,369
Classified salaries	81,233,039	77,663,116	76,583,176	1,079,940
Employee benefits	135,388,021	135,937,063	145,305,548	(9,368,485)
Books and supplies	18,802,766	23,980,982	18,398,026	5,582,956
Services and operating expenditures	69,330,151	76,822,062	67,332,250	9,489,812
Other outgo	(1,007,803)	(957,400)	(692,985)	(264,415)
Capital outlay	976,073	883,464	526,368	357,096
Debt service				
Debt service - principal	2,322,629	1,544,498	492,759	1,051,739
Debt service - interest and other	162,265	162,265	162,265	-
Total expenditures [1]	603,506,881	612,616,128	602,516,116	10,100,012
Excess (Deficiency) of Revenues Over Expenditures	(13,680,532)	(1,710,433)	12,053,811	13,764,244
Other Financing Uses				
Transfers out	(342,044)	(876,995)	(957,631)	(80,636)
Net Change in Fund Balances	(14,022,576)	(2,587,428)	11,096,180	13,683,608
Fund Balance - Beginning	84,661,757	84,661,757	84,661,757	-
Fund Balance - Ending	$ 70,639,181	$ 82,074,329	$ 95,757,937	$ 13,683,608

[1] On behalf payments of $9,153,509, relating to Senate Bill 90, are included in the actual revenues and expenditures, but have not been included in the budgeted amounts.

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 5,215,527	$ 5,075,939	$ 4,940,087
Interest	2,418,192	2,268,600	1,911,349
Differences between expected and actual experience in the measurement of the total OPEB liability	4,069,755	-	-
Changes of assumptions	1,355,687	(1,409,861)	-
Benefit payments	(1,804,100)	(1,934,463)	(1,860,061)
Net change in total OPEB liability	11,255,061	4,000,215	4,991,375
Total OPEB Liability - Beginning	62,129,465	58,129,250	53,137,875
Total OPEB Liability - Ending	$ 73,384,526	$ 62,129,465	$ 58,129,250
Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

[1] The OPEB Plan is not administered through a trust and contributions 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.

Year ended June 30,	2020	2019	2018
Proportion of the net OPEB liability	0.9379%	0.9400%	0.9489%
Proportionate share of the net OPEB liability	$ 3,492,682	$ 3,598,079	$ 3,992,109
Covered payroll	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]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

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

	2020	2019	2018	2017	2016	2015
CalSTRS						
Proportion of the net pension liability	0.5302%	0.5237%	0.5241%	0.5385%	0.5358%	0.5048%
Proportionate share of the net pension liability	$ 478,835,847	$ 481,330,411	$ 484,717,387	$ 435,505,985	$ 360,710,997	$ 294,991,961
State's proportionate share of the net pension liability	261,236,921	275,584,171	286,754,711	247,925,788	190,776,354	178,128,882
Total	$ 740,072,768	$ 756,914,582	$ 771,472,098	$ 683,431,773	$ 551,487,351	$ 473,120,843
Covered payroll	$ 290,603,059	$ 282,625,329	$ 278,652,631	$ 271,662,311	$ 248,682,275	230,677,774
Proportionate share of the net pension liability as a percentage of its covered payroll	164.77%	170.31%	173.95%	160.31%	145.05%	127.88%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS						
Proportion of the net pension liability	0.5043%	0.5131%	0.5178%	0.5319%	0.5032%	0.4453%
Proportionate share of the net pension liability	$ 146,979,773	$ 136,798,840	$ 123,605,687	$ 105,049,259	$ 74,173,770	$ 50,553,827
Covered payroll	$ 69,849,961	$ 67,763,055	$ 66,101,865	$ 22,541,597	$ 56,284,674	47,346,544
Proportionate share of the net pension liability as a percentage of its covered payroll	210.42%	201.88%	186.99%	466.02%	131.78%	106.77%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2020	2019	2018	2017	2016	2015
CalSTRS						
Contractually required contribution	$ 49,877,936	$ 47,310,178	$ 40,782,835	$ 35,054,501	$ 29,149,366	$ 22,082,986
Less contributions in relation to the contractually required contribution	49,877,936	47,310,178	40,782,835	35,054,501	29,149,366	22,082,986
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 291,683,836	$ 290,603,059	$ 282,625,329	$ 278,652,631	$ 271,662,311	$ 248,682,275
Contributions as a percentage of covered payroll	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS						
Contractually required contribution	$ 14,124,789	$ 12,616,300	$ 10,524,280	$ 9,180,227	$ 2,670,503	$ 6,625,269
Less contributions in relation to the contractually required contribution	14,124,789	12,616,300	10,524,280	9,180,227	2,670,503	6,625,269
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 71,623,087	$ 69,849,961	$ 67,763,055	$ 66,101,865	$ 22,541,597	$ 56,284,674
Contributions as a percentage of covered payroll	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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

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

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

- ***Changes in Benefit Terms –*** There were no changes in benefit terms.
- ***Changes of Assumptions –*** The discount rate changed from 3.80 percent for measurement period June 30, 2018 to 3.5 percent for measurement period 2019.

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

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

- ***Changes in Benefit Terms*** – There were no changes in the benefit terms since the previous valuation.
- ***Changes of Assumptions*** – The plan rate of investment return assumption was changed from 3.58 percent to 3.50 percent since the previous valuation.

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

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

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

Schedule of District Contributions

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

Supplementary Information
June 30, 2020

Corona-Norco Unified School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Special Education Cluster			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	$ 8,573,493
Preschool Grants, Part B, Sec 619	84.173	13430	169,231
Preschool Capacity Building, Part B, Sec 619	84.173A	13839	5,198
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	595,559
Preschool Staff Development, Part B, Sec 619	84.173A	13431	702
Quality Assurance & Focused Monitoring	84.027A	13693	3,519
Alternate Dispute Resolution	84.173A	13007	14,923
Subtotal Special Education Cluster			9,362,625
Adult Basic Education & ELA	84.002A	14508	476,050
Adult Secondary Education	84.002	13978	182,600
English Literacy & Civics Education	84.002A	14109	166,662
Subtotal			825,312
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	8,058,162
School Improvement Funding for LEAs	84.010	15438	224,971
Subtotal			8,283,133
Title III, Immigrant Student Program	84.365	15146	77,925
Title III, English Learner Student Program	84.365	14346	977,279
Subtotal			1,055,204
Title II, Part A, Supporting Effective Instruction	84.367	14341	1,069,240
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	970,539
Early Intervention Grants	84.181	23761	148,995
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894	292,274
Passed through California Department of Rehabilitation			
Workability II, Transition Partnership	84.126	10006	344,028
Total U.S. Department of Education			22,351,350

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services Human Services			
Passed Through CDE			
Child Care and Development Fund (CCDF) Cluster			
Federal Child Care, Center-Based	93.596	13609	16,697
Federal Child Care, Center-Based	93.575	15136	7,675
Subtotal CCDF Cluster			24,372
Total U.S. Department of Health and Human Services Human Services			24,372
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	13396	6,914,412
Especially Needy Breakfast Program	10.553	13526	1,263,886
Summer Food Service Program	10.559	13004	2,142,739
Commodities	10.555	13396	1,062,597
Subtotal Child Nutrition Cluster			11,383,634
Child and Adult Care Food Program	10.558	13666	256,942
Forest Reserve	10.665	10044	16,410
Total U.S. Department of Agriculture			11,656,986
U.S. Department of Justice			
STOP Threat Assessment Program	16.839	[1]	75,478
Corona Norco FY 19 STOP School Violence Project	16.839	[1]	34,235
Subtotal			109,713
COPS Office School Violence Prevention Program	16.710	[1]	98,629
Total U.S. Department of Justice			208,342
Total Expenditures of Federal Awards			$ 34,241,050

[1] Pass-Through Entity Number not available.

ORGANIZATION

The District was established as a unified school district in 1948. The District conducts a kindergarten through twelfth grade educational program for approximately 50,000 students through 30 elementary schools, eight middle schools, five high schools, a middle college, two continuation schools, and one school for the severely handicapped, an independent study program, and one adult education school. The District is located in Riverside County and occupies the western regions of Riverside, the City of Corona, and the City of Norco. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	**OFFICE**	**TERM EXPIRES**
Mary Ybarra	President	2020
Bill Pollock	Vice President	2020
Elizabeth Marroquin	Clerk	2022
John Zickefoose	Member	2022
Jose W. Lalas, Ph.D.	Member	2020

ADMINISTRATION

NAME	TITLE
Michael H. Lin, Ed.D.	Superintendent
Samuel Buenrostro, Ed.D.	Deputy Superintendent, Instructional Support
Alan Giles	Assistant Superintendent, Business Services
Lisa Simon, Ed.D.	Associate Superintendent, Educational Services
Ben Odipo	Assistant Superintendent, Information Technology
Glen Gonsalves	Assistant Superintendent, Human Resources
Dalia Gadelmawla	Chief Business Officer

	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	14,456.08	14,456.08
Fourth through sixth	11,340.67	11,340.67
Seventh and eighth	8,009.71	8,009.71
Ninth through twelfth	16,733.08	16,733.08
Total Regular ADA	50,539.54	50,539.54
Extended Year Special Education		
Transitional kindergarten through third	26.43	26.43
Fourth through sixth	9.66	9.66
Seventh and eighth	4.60	4.60
Ninth through twelfth	27.58	27.58
Total Extended Year Special Education	68.27	68.27
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.92	0.92
Fourth through sixth	1.83	1.83
Seventh and eighth	4.05	4.05
Ninth through twelfth	23.25	23.25
Total Special Education, Nonpublic, Nonsectarian Schools	30.05	30.05
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.03	0.03
Fourth through sixth	0.31	0.31
Seventh and eighth	0.64	0.64
Ninth through twelfth	3.64	3.64
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	4.62	4.62
Total ADA	50,642.48	50,642.48

Grade Level	1986-1987 Minutes Requirement	2019-2020 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	36,060	180	175	Complied
Grades 1 - 3	50,400				
Grade 1		50,785	180	175	Complied
Grade 2		50,785	180	175	Complied
Grade 3		50,785	180	175	Complied
Grades 4 - 6	54,000				
Grade 4		54,220	180	175	Complied
Grade 5		54,220	180	175	Complied
Grade 6		54,220	180	175	Complied
Grades 7 - 8					
Grade 7		60,500	180	N/A	Complied
Grade 8		60,500	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		64,988	180	N/A	Complied
Grade 10		64,988	180	N/A	Complied
Grade 11		64,988	180	N/A	Complied
Grade 12		64,988	180	N/A	Complied

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

	(Budget) 2021 [1]	2020	2019	2018
General Fund				
Revenues	$ 562,572,205	$ 614,569,927	$ 618,335,817	$ 556,320,536
Expenditures	581,541,782	602,516,116	602,773,134	566,926,714
Other uses and transfers out	1,832,876	957,631	311,061	373,682
Total Expenditures and Other Uses	583,374,658	603,473,747	603,084,195	567,300,396
Increase/(Decrease) in Fund Balance	(20,802,453)	11,096,180	15,251,622	(10,979,860)
Ending Fund Balance	$ 74,955,484	$ 95,757,937	$ 84,661,757	$ 69,410,135
Available Reserves [2]	$ 11,667,493	$ 11,886,405	$ 11,598,896	$ 11,346,008
Available Reserves as a Percentage of Total Outgo [3]	2.00%	2.00%	2.00%	2.00%
Long-Term Liabilities	N/A	$ 1,435,928,955	$ 1,367,257,708	$ 1,367,436,309
K-12 Average Daily Attendance at P-2	50,370	50,642	51,090	51,248

The General Fund balance has increased by $26,347,802 over the past two years. The fiscal year 2020-2021 budget projects a decrease of $20,802,453 (21.7 percent). For a district this size, the State recommends available reserves of at least two percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surplus in two of the past three years; however, the District anticipates incurring an operating deficit during the 2020-2021 fiscal year. Total long-term obligations have increased by $68,492,646 over the past two years.

Average daily attendance has decreased by 606 over the past two years. Additional decline of 272 ADA is anticipated during fiscal year 2019-2020.

1 Budget 2021 is included for analytical purposes only and has not been subjected to audit.
2 Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.
3 On behalf payments of $9,153,509 relating to Senate Bill 90 have been excluded from the calculation of available reserves for the fiscal

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund
Assets				
Deposits and investments	$ 740,185	$ 9,903	$ 2,286,966	$ 1,364,823
Receivables	929,471	-	1,254,868	2,748,465
Due from other funds	-	-	628,045	-
Stores inventories	-	-	571,293	-
Total assets	$ 1,669,656	$ 9,903	$ 4,741,172	$ 4,113,288
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 61,612	$ 9,903	$ 176,468	$ 1,024,180
Due to other funds	-	-	3,519,520	-
Unearned revenue	-	-	462,971	-
Total liabilities	61,612	9,903	4,158,959	1,024,180
Fund Balances				
Nonspendable	-	-	582,213	-
Restricted	1,608,044	-	-	3,089,108
Total fund balances	1,608,044	-	582,213	3,089,108
Total liabilities and fund balances	$ 1,669,656	$ 9,903	$ 4,741,172	$ 4,113,288

	Capital Projects Fund for Blended Component Units	Debt Service Fund for Blended Component Units	Non-Major Governmental Funds
Assets			
Deposits and investments	$ 4,047,991	$ 12,103,399	$ 20,553,267
Receivables	-	-	4,932,804
Due from other funds	-	-	628,045
Stores inventories	-	-	571,293
Total assets	$ 4,047,991	$ 12,103,399	$ 26,685,409
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ -	$ 1,760	$ 1,273,923
Due to other funds	-	-	3,519,520
Unearned revenue	-	-	462,971
Total liabilities	-	1,760	5,256,414
Fund Balances			
Nonspendable	-	-	582,213
Restricted	4,047,991	12,101,639	20,846,782
Total fund balances	4,047,991	12,101,639	21,428,995
Total liabilities and fund balances	$ 4,047,991	$ 12,103,399	$ 26,685,409

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund
Revenues				
Federal sources	$ 825,312	$ 24,372	$ 11,640,576	$ -
Other State sources	2,237,033	55,246	786,735	2,099
Other local sources	47,099	-	4,000,909	7,276,353
Total revenues	3,109,444	79,618	16,428,220	7,278,452
Expenditures				
Current				
Instruction	1,598,643	409,204	-	-
Instruction-related activities				
School site administration	1,307,572	-	-	-
Pupil services				
Food services	-	-	16,584,434	-
Administration				
All other administration	102,222	-	852,440	1,413,249
Plant services	96,410	-	-	-
Other outgo	-	-	-	-
Facility acquisition and construction	-	-	-	4,223,617
Debt service				
Principal	-	-	-	1,485,000
Interest and other	-	-	-	134,300
Total expenditures	3,104,847	409,204	17,436,874	7,256,166
Excess (Deficiency) of Revenues Over Expenditures	4,597	(329,586)	(1,008,654)	22,286
Other Financing Sources (Uses)				
Transfers in	-	329,586	628,045	166,774
Other sources - proceeds from issuance of certificates of participation	-	-	-	-
Transfers out	-	-	-	(503,074)
Other uses - payment to refunded bonds escrow agent	-	-	-	-
Net Financing Sources (Uses)	-	329,586	628,045	(336,300)
Special item - proceeds from sale of land	-	-	-	2,450,000
Net Change in Fund Balances	4,597	-	(380,609)	2,135,986
Fund Balance - Beginning	1,603,447	-	962,822	953,122
Fund Balance - Ending	$ 1,608,044	$ -	$ 582,213	$ 3,089,108

	Capital Projects Fund for Blended Component Units	Debt Service Fund for Blended Component Units	Non-Major Governmental Funds
Revenues			
Federal sources	$ -	$ -	$ 12,490,260
Other State sources	-	-	3,081,113
Other local sources	1,734,103	14,131,318	27,189,782
Total revenues	1,734,103	14,131,318	42,761,155
Expenditures			
Current			
Instruction	-	-	2,007,847
Instruction-related activities			
School site administration	-	-	1,307,572
Pupil services			
Food services	-	-	16,584,434
Administration			
All other administration	-	-	2,367,911
Plant services	-	-	96,410
Other outgo	5,059,652	6,805,908	11,865,560
Facility acquisition and construction	-	-	4,223,617
Debt service			
Principal	-	2,795,000	4,280,000
Interest and other	-	3,294,598	3,428,898
Total expenditures	5,059,652	12,895,506	46,162,249
Excess (Deficiency) of Revenues Over Expenditures	(3,325,549)	1,235,812	(3,401,094)
Other Financing Sources (Uses)			
Transfers in	-	503,074	1,627,479
Other sources - proceeds from issuance of certificates of participation	-	20,145,000	20,145,000
Transfers out	-	(166,774)	(669,848)
Other uses - payment to refunded bonds escrow agent	-	(22,270,430)	(22,270,430)
Net Financing Sources (Uses)	-	(1,789,130)	(1,167,799)
Special item - proceeds from sale of land	-	-	2,450,000
Net Change in Fund Balances	(3,325,549)	(553,318)	(2,118,893)
Fund Balance - Beginning	7,373,540	12,654,957	23,547,888
Fund Balance - Ending	$ 4,047,991	$ 12,101,639	$ 21,428,995

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 Corona-Norco Unified School District (the District) under programs of the federal government for the year ended June 30, 2020. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Corona-Norco Unified School District, it is not intended to and does not present the financial position, changes in net assets (or net position or fund balance), or cash flows (if applicable) (A) of Corona-Norco Unified School District.

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

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

Food Donation
Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2020, the District did not have any food commodities reported as inventory.

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

	CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures, and Changes in Fund Balances:		$ 34,626,763
Federal interest subsidy	N/A	(385,713)
Total Schedule of Expenditures of Federal Awards		$ 34,241,050

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

Districts must maintain their instructional minutes at 1986-1987 requirements, as required by *Education Code* Section 46201.

Due to school closures caused by COVID-19, the District filed the COVID-19 School Closure Certification certifying that schools were closed for 52 to 55 days due to the pandemic. As a result, the District received credit for these 52 to 55 days in meeting the annual instructional days requirement. In addition, planned minutes covered by the COVID-19 School Closure Certification were included in the Actual Minutes column, but were not actually offered due to the COVID-19 school closure

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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

Independent Auditor's Reports
June 30, 2020

Corona-Norco Unified School District

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

To the Board of Directors
Corona-Norco Unified School District
Norco, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Corona-Norco Unified School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Corona-Norco Unified School District's basic financial statements and have issued our report thereon dated January 11, 2021.

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

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

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

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

We noted certain matters that we reported to management of Corona-Norco Unified School District in a separate letter dated January 11, 2021.

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

Eide Bailly LLP

Rancho Cucamonga, California
January 11, 2021

CPAs & BUSINESS ADVISORS

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

To the Board of Directors
Corona-Norco Unified School District
Norco, California

Report on Compliance for Each Major Federal Program

We have audited Corona-Norco Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Corona-Norco Unified School District's major federal programs for the year ended June 30, 2020. Corona-Norco Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Corona-Norco Unified School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Corona-Norco Unified School District's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
January 11, 2021

Independent Auditor's Report on State Compliance

To the Board of Directors
Corona-Norco Unified School District
Norco, California

Report on State Compliance

We have audited Corona-Norco Unified School District's (the District) compliance with the types of compliance requirements described in the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* applicable to the state laws and regulations listed in the table below for' the year ended June 30, 2020.

Management's Responsibility

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

Auditor's Responsibility

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

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

Compliance Requirements Tested

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

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

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

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

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

The District does not offer an Apprenticeship Program; therefore, we did not perform any procedures for the Apprenticeship Program.

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

The District did not have any expenditures related to the California Clean Energy Jobs Act and the District did not submit any final completion reports during the fiscal year; therefore, we did not perform any procedures related to the California Clean Energy Jobs Act.

The District does not offer a Before School Education and Safety Program; therefore, we did not perform procedures related to the Before School Education and Safety Program.

We did not perform procedures for the Independent Study - Course Based program because the Independent Study - Course Based ADA was under the level that requires testing.

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

Unmodified Opinion
In our opinion, Corona-Norco Unified School District complied with the laws and regulations of the state programs referred to above for the year ended June 30, 2020.

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

Eide Bailly LLP

Rancho Cucamonga, California
January 11, 2021

Schedule of Findings and Questioned Costs
June 30, 2020

Corona-Norco Unified School District

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

Identification of major programs:

Name of Federal Program or Cluster	CFDA Number
Child Nutrition Cluster	10.553, 10.555, 10.559
Title III, Immigrant Student Program	84.365
Title III, English Learner Student Program	84.365

Dollar threshold used to distinguish between type A and type B programs:	$1,027,202
Auditee qualified as low-risk auditee?	Yes

STATE COMPLIANCE

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

None reported.

None reported.

None reported.

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

Management
Corona-Norco Unified School District
Norco, California

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

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated January 11, 2021, on the government-wide financial statements of the District.

Associated Student Body (ASB)

<u>Santiago High School</u>

Observations

1. Based on the review of the cash receipting procedures, it was noted that four of seven deposits tested were not deposited in a timely manner. Delay in deposit ranged from approximately 11 to 31 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 three of 25 disbursements tested were not approved prior to transactions taking place. This could potentially lead to spending in excess of available funds. Additionally, expenditures of a questionable nature could arise if disbursements are not pre-approved.
3. Revenue potential forms are not consistently being completed for fundraising events. Through testing, it was noted that some revenue potential forms used for fundraising events were not completed with respect to anticipated income and expense. As a result, expected versus actual results cannot be measured to determine whether or not the fundraiser was successful, or any losses have occurred.
4. For one of two ticketed events tested, a ticket sales recap form was not prepared and submitted with the remaining ticket roll and cash collections to the bookkeeper.

Recommendation

1. The ASB should, at a minimum, make their deposits once a week to minimize the amount of cash held at the sites. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure including the maximum cash on hand that should be maintained at the site.

2. In order to ensure proper internal controls over the ASB disbursements, the site 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.
3. 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. The revenue potential also indicates weak control areas in the fund-raising procedures at the site, including lost or stolen merchandise, problems with collecting all moneys due and so forth.
4. A ticket sales recap form serves the purpose of calculating, based on the number of tickets sold out of the roll and the price per ticket, the amount of cash that should have been collected. The recap should be reconciled to the cash deposit forwarded to the bookkeeper. This procedure documents overages and shortages of cash and informs site personnel about potential problems in cash collections. The forms should be filed along with the deposit form and other pertinent documents.

Corona High School

Observations

1. Based on the review of the cash receipting procedures, it was noted that eight of eight deposits tested were not deposited in a timely manner. Delay in deposit ranged from approximately 10 to 38 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. Cash collections are not accounted for properly. Cash collections are not supported by sub-receipts or logs that tie the total to the cash count sheet.
3. Based on the review of the disbursement procedures, it was noted that six of 25 disbursements tested were not approved prior to transactions taking place. This could potentially lead to spending in excess of available funds. Additionally, expenditures of a questionable nature could arise if disbursements are not pre-approved.
4. ASB disbursements were being made without explicit receiving documentation for goods being ordered. As a result, six of 25 vendor invoices were paid without the direct knowledge of whether or not the goods being ordered have been received by the ASB.
5. During our review of the site's change fund, it was noted that the amount counted by ASB personnel was short $106 from the imprest amount of $4,000.

Recommendation

1. The ASB should, at a minimum, make their deposits once a week to minimize the amount of cash held at the sites. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure including the maximum cash on hand that should be maintained at the site.
2. Pre-numbered triplicate receipts or logs should be utilized when collecting money for all ASB events and transactions. If utilizing a log, the students 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 yellow copy of the receipt should be issued to the person turning in the monies, the white 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 white copy of the receipts and monies to clearly identify the total amount being turned in.
3. In order to ensure proper internal controls over the ASB disbursements, the site 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.
4. 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 or not 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.
5. The District should investigate the variance and ensure proper controls are in place for the safeguarding of cash.

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

Eide Bailly LLP

Rancho Cucamonga, California
January 11, 2021