



Financial Statements
June 30, 2021

Corona-Norco Unified School District

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Independent Auditor's Reports

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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, 2021, 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.

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, 2021, 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 1 and 20 to the financial statements, Corona-Norco Unified School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

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 81, schedule of changes in the District's total OPEB liability and related ratios on page 82, schedule of the District's proportionate share of the net OPEB liability – MPP program on page 83, schedule of the District's proportionate share of the net pension liability on page 84, and the schedule of District contributions on page 85, 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 non-major governmental 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 non-major governmental 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 non-major governmental 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 13, 2022 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 13, 2022

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), deferred outflows, as well as all liabilities (including long-term liabilities) and deferred inflows. 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, deferred outflows, 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 employee retiree benefits, and pensions. The District's fiduciary activities are reported in the Statement of Fiduciary Net Position and the Statement of Revenues, Expenses, and Changes in 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 \$20,753,305 for the fiscal year ended June 30, 2021. Of this amount, \$(513,588,764) 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	
	2021	2020 as restated
Assets		
Current and other assets	\$ 433,684,926	\$ 392,945,768
Capital assets	991,961,488	995,202,573
Total assets	<u>1,425,646,414</u>	<u>1,388,148,341</u>
Deferred outflows of resources	<u>184,827,430</u>	<u>179,257,770</u>
Liabilities		
Current liabilities	82,221,053	75,662,863
Long-term liabilities	1,480,823,319	1,435,928,955
Total liabilities	<u>1,563,044,372</u>	<u>1,511,591,818</u>
Deferred inflows of resources	<u>26,676,167</u>	<u>43,529,707</u>
Net Position		
Net investment in capital assets	424,932,341	434,991,214
Restricted	109,409,728	80,890,717
Unrestricted (deficit)	<u>(513,588,764)</u>	<u>(503,597,345)</u>
Total net position	<u>\$ 20,753,305</u>	<u>\$ 12,284,586</u>

The \$(513,588,764) in unrestricted net (deficit) position represents the accumulated results of all past years' operations. Restricted net position is 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	
	2021	2020*
Revenues		
Program revenues		
Charges for services	\$ 6,602,223	\$ 7,617,180
Operating grants and contributions	201,185,455	122,620,657
Capital grants and contributions	1,131,065	-
General revenues		
Federal and State aid not restricted	358,315,171	374,646,702
Property taxes	184,587,009	171,860,959
Other general revenues	3,289,303	22,404,516
Total revenues	755,110,226	699,150,014
Expenses		
Instruction-related	533,067,142	525,805,459
Pupil services	81,756,272	82,989,609
Administration	42,240,225	31,618,239
Plant services	52,722,994	52,831,920
All other services	36,854,874	47,660,912
Total expenses	746,641,507	740,906,139
Special item - gain from sale of land	-	823,000
Change in net position	\$ 8,468,719	\$ (40,933,125)

*The revenues and expenses for fiscal year 2020 were not restated to show the effects of GASB Statement No. 84 for comparative purposes.

Governmental Activities

As reported in the *Statement of Activities* on page 15, the cost of all of our governmental activities this year was \$746,641,507. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$184,587,009 because the cost was paid by other governments and organizations who subsidized certain programs with charges for services, grants, and contributions (\$202,316,520). We paid for the remaining "public benefit" portion of our governmental activities with \$358,315,171 in Federal and State unrestricted funds and with \$3,289,303 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	
	2021	2020*	2021	2020*
Instruction-related	\$ 533,067,142	\$ 525,805,459	\$ (390,710,978)	\$ (434,884,100)
Pupil services	81,756,272	82,989,609	(49,385,092)	(54,507,878)
Administration	42,240,225	31,618,239	(27,715,375)	(29,382,736)
Plant services	52,722,994	52,831,920	(42,130,820)	(52,349,290)
All other services	36,854,874	47,660,912	(27,780,499)	(39,544,298)
Total	\$ 746,641,507	\$ 740,906,139	\$ (537,722,764)	\$ (610,668,302)

*The total and net cost of services for fiscal year 2020 were not restated to show the effects of GASB Statement No. 84 for comparative purposes.

THE DISTRICT'S FUNDS

As the District completed this year, governmental funds reported a combined fund balance of \$273,925,872, which is an increase of \$38,715,352 from last year (Table 4).

Table 4

Governmental Fund	Balances and Activity			June 30, 2021
	June 30, 2020 as restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	
General	\$ 95,757,937	\$ 682,146,321	\$ 618,736,955	\$ 159,167,303
Building	59,830,167	212,400	27,941,517	32,101,050
Bond Interest and Redemption	55,074,509	95,075,389	93,433,911	56,715,987
Student Activity	3,118,912	1,096,989	1,213,799	3,002,102
Adult Education	1,608,044	3,248,784	2,714,606	2,142,222
Cafeteria	582,213	12,396,256	11,755,515	1,222,954
Capital Facilities	3,089,108	8,504,404	4,730,719	6,862,793
Capital Project Component Unit	4,047,991	1,677,596	2,206,722	3,518,865
Debt Service Fund for Blended Component Units	<u>12,101,639</u>	<u>41,256,158</u>	<u>45,297,618</u>	<u>8,060,179</u>
Total	<u>\$ 235,210,520</u>	<u>\$ 846,746,714</u>	<u>\$ 808,031,362</u>	<u>\$ 273,925,872</u>

The primary reasons for these changes are the following:

The 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 Building Fund, "Measure GG" was expended on the modernization of admin offices, classrooms and playgrounds at Jefferson Elementary; the removal of old modular classroom at Foothill elementary; the modernization of the Norco Intermediate campus to include a new library, admin office and MPR/Gym. Planning and other administrative costs were expended on modernization projects that began at Corona Fundamental Intermediate and Washington Elementary. Lastly, Capital Facilities funds were used to repair the pool at Norco HS.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the District had \$991,961,488 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 decrease (including additions, deductions, and depreciation) of \$3,241,085 or 0.3 percent, from last year (Table 5).

Table 5

	Governmental Activities	
	2021	2020
Land and construction in progress	\$ 407,367,571	\$ 375,237,808
Buildings and improvements	572,044,888	606,268,460
Equipment	12,549,029	13,696,305
Total	\$ 991,961,488	\$ 995,202,573

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 \$718,720,898 in long-term liabilities other than OPEB and Pension versus \$733,236,127 last year, a decrease of 2.0 percent. The decrease is primarily attributed to increase in the general obligation bonds.

Table 6

	Governmental Activities	
	2021	2020
Long-Term Liabilities		
General obligation bonds	\$ 578,026,089	\$ 580,478,872
Premium on issuance	36,479,694	42,411,312
Certificates of participation	17,090,000	18,660,000
Corona-Norco Unified School District Public financing authority bonds	53,895,000	55,735,000
Capital leases	6,638,566	7,142,026
Property and liability	1,072,283	1,243,200
Claims liability	21,363,000	20,490,000
Supplemental early retirement plan (SERP)	-	1,974,655
Compensated absences	4,156,266	5,101,062
Total	<u>\$ 718,720,898</u>	<u>\$ 733,236,127</u>

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 liabilities debt of \$578,026,089 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 11 of the financial statements.

At year end, the District has a net OPEB liability of \$91,005,083 versus \$76,877,208 last year, an increase of \$14,127,875, or 1.9 percent.

At year end, the District has a net pension liability of \$671,097,338 versus \$625,815,620 last year, an increase of \$45,281,718, or 7.2 percent.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2020-2021 ARE NOTED BELOW:

- ✓ Federal Program Review top 5% of California Districts
- ✓ California Distinguished School
 - John F Kennedy Middle College High School
- ✓ Riverside County Teacher of the Year
 - Ms. Kathleen Magana, Garretson Elementary School
- ✓ Golden Bell Award
 - All-Starts program at Eleanor Roosevelt High School
- ✓ Southern California School Band and Orchestra Association
 - Veteran Teacher Award, Mr. Jim Johnson, Eleanor Roosevelt High School
 - Outstanding Jazz Educator, Mr. Mike Gangemi, Santiago High School
 - Gold Award, Mr. Mike Gangemi, Santiago High School
- ✓ Capturing Kids' Hearths National Showcase School
 - Prado View Elementary School
- ✓ Riverside County Office of Education Academic/Athletic Team Award
 - Centennial High School Boys Golf (4.2 GPA)
 - Centennial High School Boys Swim (4.19 GPA)
 - Centennial High School Boys Tennis (4.65 GPA)
 - Centennial High School Boys Volleyball (4.03 GPA)
 - Centennial High School Girls Golf (4.47 GPA)
 - Centennial High School Girls Tennis (4.56 GPA)
 - Norco High School Girls Water Polo (4.13 GPA)
 - Norco High School Girls Wrestling (4.33 GPA)
 - Santiago High School Boys Cross Country (4.17 GPA)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2021-2022 year, the District Board and management used the following criteria:

The key assumptions in the final approved budget are:

- o Cost of Living Adjustment of 5.07%
- o Unduplicated pupil percentage projected at 45.0%
- o Projected ADA decline of 500
- o Employer Fixed Cost increase of STRS and PERS
- o Increase for Step and Column advancement
- o Increase for contracted services cost

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 Dalia Gadelmawla, the Assistant Superintendent, Business Services, at Corona-Norco Unified School District, 2820 Clark Avenue, Norco, California 92860 or via email at Dalia.GadElMawla@cnusd.k12.ca.us.

Corona-Norco Unified School District
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Deposits and investments	\$ 294,065,776
Receivables	84,788,760
Long-term receivables	54,240,000
Prepaid items	156,284
Stores inventories	434,106
Capital assets not depreciated	406,722,063
Capital assets, net of accumulated depreciation	585,239,425
Total assets	1,425,646,414
Deferred Outflows of Resources	
Deferred charge on refunding	25,245,148
Deferred outflows of resources related to OPEB	12,693,642
Deferred outflows of resources related to pensions	146,888,640
Total deferred outflows of resources	184,827,430
Liabilities	
Accounts payable	38,060,922
Interest payable	7,911,567
Unearned revenue	7,888,564
Current loans	28,360,000
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	31,451,179
Long-term liabilities other than OPEB and pensions due in more than one year	687,269,719
Other postemployment benefits (OPEB) liability	91,005,083
Aggregate net pension liability	671,097,338
Total liabilities	1,563,044,372
Deferred Inflows of Resources	
Deferred charge on refunding	\$ 42,488
Deferred inflows of resources related to OPEB	1,114,085
Deferred inflows of resources related to pensions	25,519,594
Total deferred inflows of resources	26,676,167
Net Position	
Net investment in capital assets	424,932,341
Restricted for	
Debt service	56,864,599
Capital projects	7,995,210
Educational programs	28,570,694
Self insurance	9,846,568
Other activities	6,132,657
Unrestricted (deficit)	(513,588,764)
Total net position	\$ 20,753,305

Corona-Norco Unified School District
Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position
					Governmental Activities
Governmental Activities					
Instruction	\$ 454,408,910	\$ -	\$ 124,510,676	\$ 1,131,065	\$ (328,767,169)
Instruction-related activities					
Supervision of instruction	24,616,774	-	10,607,871	-	(14,008,903)
Instructional library, media, and technology	3,401,245	-	486,964	-	(2,914,281)
School site administration	50,640,213	-	5,619,588	-	(45,020,625)
Pupil services					
Home-to-school transportation	10,682,187	-	177,958	-	(10,504,229)
Food services	14,697,092	-	11,533,531	-	(3,163,561)
All other pupil services	56,376,993	-	20,659,691	-	(35,717,302)
Administration					
Data processing	20,866,787	-	12,060,650	-	(8,806,137)
All other administration	21,373,438	196,603	2,267,597	-	(18,909,238)
Plant services	52,722,994	-	10,592,174	-	(42,130,820)
Ancillary services	4,600,886	-	31,098	-	(4,569,788)
Community services	32,787	-	-	-	(32,787)
Enterprise services	13,138	-	1,194	-	(11,944)
Interest on long-term liabilities	31,504,221	-	-	-	(31,504,221)
Other outgo	703,842	6,405,620	2,636,463	-	8,338,241
Total governmental activities	\$ 746,641,507	\$ 6,602,223	\$ 201,185,455	1,131,065	(537,722,764)
General Revenues and Subventions					
Property taxes, levied for general purposes					136,614,388
Property taxes, levied for debt service					41,052,145
Taxes levied for other specific purposes					6,920,476
Federal and State aid not restricted to specific purposes					358,315,171
Interest and investment earnings					1,040,364
Interagency revenues					1,676,677
Miscellaneous					572,262
Subtotal, general revenues and subventions					546,191,483
Change in Net Position					8,468,719
Net Position - Beginning, as restated					12,284,586
Net Position - Ending					\$ 20,753,305

Corona-Norco Unified School District

Balance Sheet – Governmental Funds

June 30, 2021

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	\$ 143,137,849	\$ 35,241,410	\$ 56,715,987	\$ 27,790,822	\$ 262,886,068
Receivables	80,923,898	27,956	-	3,806,999	84,758,853
Due from other funds	4,924,292	-	-	-	4,924,292
Prepaid expenditures	156,284	-	-	-	156,284
Stores inventories	210,429	-	-	223,677	434,106
Total assets	\$ 229,352,752	\$ 35,269,366	\$ 56,715,987	\$ 31,821,498	\$ 353,159,603
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 34,427,640	\$ 3,168,316	\$ -	\$ 464,919	\$ 38,060,875
Due to other funds	-	-	-	4,924,292	4,924,292
Current loans	28,360,000	-	-	-	28,360,000
Unearned revenue	7,397,809	-	-	490,755	7,888,564
Total liabilities	70,185,449	3,168,316	-	5,879,966	79,233,731
Fund Balances					
Nonspendable	571,713	-	-	234,621	806,334
Restricted	25,568,592	32,101,050	56,715,987	25,706,911	140,092,540
Committed	23,000,000	-	-	-	23,000,000
Assigned	97,652,259	-	-	-	97,652,259
Unassigned	12,374,739	-	-	-	12,374,739
Total fund balances	159,167,303	32,101,050	56,715,987	25,941,532	273,925,872
Total liabilities and fund balances	\$ 229,352,752	\$ 35,269,366	\$ 56,715,987	\$ 31,821,498	\$ 353,159,603

Corona-Norco Unified School District
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2021

Total Fund Balance - Governmental Funds \$ 273,925,872

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	\$ 1,584,436,218
Accumulated depreciation is	<u>(592,474,730)</u>

Net capital assets	991,961,488
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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 \$54,240,000.

54,240,000

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.

(7,911,567)

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.

9,846,568

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

Debt refundings (deferred charge on refunding)	25,245,148
Net Other postemployment benefits (OPEB)	12,693,642
Net pension liability	<u>146,888,640</u>

Total deferred outflows of resources	184,827,430
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Deferred inflows of resources represent an acquisition of net position
 that applies to a future period and is not reported in the governmental
 funds. Deferred inflows of resources amount to and related to

Deferred charge on refunding	(42,488)
Net Other postemployment benefits liability	(1,114,085)
Net pension liability	<u>(25,519,594)</u>

Total deferred inflows of resources	(26,676,167)
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Corona-Norco Unified School District
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2021

Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		\$ (671,097,338)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(91,005,083)
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	\$ (513,748,462)	
Premium on issuance of general obligation bonds	(36,479,694)	
Certificates of participation	(17,090,000)	
Corona-Norco Unified School District Public Financing Authority bonds	(53,895,000)	
Capital leases	(6,638,566)	
Property and liability	(1,072,283)	
Compensated absences (vacations)	(4,156,266)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	(64,277,627)	
Total long-term liabilities		(697,357,898)
Total net position - governmental activities		\$ 20,753,305

Corona-Norco Unified School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2021

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula	\$ 482,708,811	\$ -	\$ -	\$ -	\$ 482,708,811
Federal sources	70,652,088	-	-	12,414,150	83,066,238
Other State sources	114,922,526	-	236,082	4,206,743	119,365,351
Other local sources	13,234,851	212,400	41,059,307	16,856,711	71,363,269
Total revenues	681,518,276	212,400	41,295,389	33,477,604	756,503,669
Expenditures					
Current					
Instruction	387,167,379	-	-	1,446,751	388,614,130
Instruction-related activities					
Supervision of instruction	22,110,787	-	-	-	22,110,787
Instructional library, media, and technology	3,153,942	-	-	-	3,153,942
School site administration	44,782,852	-	-	1,124,138	45,906,990
Pupil services					
Home-to-school transportation	9,885,781	-	-	-	9,885,781
Food services	3,200,018	-	-	10,785,051	13,985,069
All other pupil services	52,133,146	-	-	-	52,133,146
Administration					
Data processing	20,358,056	-	-	-	20,358,056
All other administration	19,938,013	-	-	1,680,245	21,618,258
Plant services	48,137,393	-	-	94,982	48,232,375
Ancillary services	3,204,401	-	-	1,213,799	4,418,200
Other outgo	256,064	-	433,897	13,881	703,842
Enterprise services	11,892	-	-	-	11,892
Facility acquisition and construction	3,702,826	27,941,517	-	1,273,187	32,917,530
Debt service					
Principal	503,460	-	20,830,000	4,470,000	25,803,460
Interest and other	190,945	-	18,868,364	6,585,829	25,645,138
Total expenditures	618,736,955	27,941,517	40,132,261	28,687,863	715,498,596
Excess (Deficiency) of Revenues Over Expenditures	62,781,321	(27,729,117)	1,163,128	4,789,741	41,005,073
Other Financing Sources (Uses)					
Transfers in	628,045	-	-	-	628,045
Other sources - proceeds from issuance of general obligation bonds	-	-	53,780,000	-	53,780,000
Other sources - proceeds from issuance of financing authority special tax bonds	-	-	-	35,835,000	35,835,000
Transfers out	-	-	-	(628,045)	(628,045)
Other uses - payment to refunded bonds escrow agent	-	-	(53,301,650)	(38,603,071)	(91,904,721)
Net Financing Sources (Uses)	628,045	-	478,350	(3,396,116)	(2,289,721)
Net Change in Fund Balances	63,409,366	(27,729,117)	1,641,478	1,393,625	38,715,352
Fund Balance - Beginning, as restated	95,757,937	59,830,167	55,074,509	24,547,907	235,210,520
Fund Balance - Ending	\$ 159,167,303	\$ 32,101,050	\$ 56,715,987	\$ 25,941,532	\$ 273,925,872

Corona-Norco Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2021

Total Net Change in Fund Balances - Governmental Funds \$ 38,715,352

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

This is the amount by which depreciation exceeds capital outlays in the period.

Depreciation expense	\$ (35,333,469)	
Capital outlays	<u>32,672,967</u>	
Net expense adjustment		(2,660,502)

Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds. (580,583)

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 \$1,974,655. Vacation used was more than the amount earned by \$944,796. 2,919,451

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. (37,722,353)

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. (8,050,926)

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. (8,125,000)

The claims activity for property liability are reported in the governmental funds (General Fund) as expenditures. In the Statement of Net Position, the property liabilities incurred but not claimed are reported as long-term liabilities. 170,917

Corona-Norco Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2021

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	\$ (53,780,000)
Public financing authority bonds	(35,835,000)

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:

Deferred charge on refunding	9,993,435
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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	64,080,000
Certificates of participation	1,570,000
Public financing authority bonds	37,675,000
Capital leases	503,460

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	5,931,618
Amortization deferred charge on refunding	(1,206,549)

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, certificates of participation and public financing authority bonds decreased by \$1,149,351, and second, \$7,847,217 of accumulated interest was accreted on the District's capital appreciation general obligation bonds.

(6,697,866)

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.

1,568,265

Change in net position of governmental activities

\$ 8,468,719

Corona-Norco Unified School District
Statement of Net Position – Proprietary Funds
June 30, 2021

	<u>Governmental Activities Internal Service Fund</u>
Assets	
Current assets	
Deposits and investments	\$ 31,179,708
Receivables	<u>29,907</u>
Total assets	<u>31,209,615</u>
Liabilities	
Current liabilities	
Accounts payable	47
Current portion of claims liabilities	<u>1,778,185</u>
Total current liabilities	<u>1,778,232</u>
Noncurrent liabilities	
Claims liabilities	<u>19,584,815</u>
Total liabilities	<u>21,363,047</u>
Net Position	
Restricted	<u><u>\$ 9,846,568</u></u>

Corona-Norco Unified School District
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
Year Ended June 30, 2021

	Governmental Activities
	Internal Service Fund
Operating Revenues	
Charges for services	\$ 5,072,612
Operating Expenses	
Payroll costs	363,037
Supplies and materials	2,628
Claims and claims administration	1,778,185
Provisions for estimated unpaid claims	1,327,000
Other operating cost	155,653
Total operating expenses	3,626,503
Operating Income	1,446,109
Nonoperating Revenues	
Fair market value adjustments	6,246
Interest income	115,910
Total nonoperating revenues	122,156
Change in Net Position	1,568,265
Total Net Position - Beginning	8,278,303
Total Net Position - Ending	\$ 9,846,568

Corona-Norco Unified School District
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2021

	Governmental Activities
	Internal Service Fund
Operating Activities	
Cash received from assessment made to other funds	\$ 5,072,612
Cash payments to employees for services	(363,037)
Cash payments for goods and services	(2,975)
Cash payment for claims and claims administration	(2,231,745)
Cash payments for other activities	(155,653)
	2,319,202
Net Cash From Operating Activities	
Investing Activities	
Net gain on investments	166,629
	166,629
Net Change in Cash and Cash Equivalents	2,485,831
Cash and Cash Equivalents, Beginning	28,693,877
	28,693,877
Cash and Cash Equivalents, Ending	\$ 31,179,708
Reconciliation of Operating Income to Net Cash From Operating Activities	
Operating income	\$ 1,446,109
Changes in assets and liabilities	
Receivables	440
Accounts payable	(347)
Claim liability	873,000
	873,000
Net Cash From Operating Activities	\$ 2,319,202

Corona-Norco Unified School District
Statement of Net Position – Fiduciary Funds
June 30, 2021

	<u>Custodial Funds</u>
Assets	
Deposits and investments	\$ 34,060,056
Receivables	<u>15,387</u>
Total assets	<u>\$ 34,075,443</u>
Liabilities	
Accounts payable	<u>\$ 2,464</u>
Net Position	
Restricted for individuals, organizations, and other governments	<u>\$ 34,072,979</u>

Corona-Norco Unified School District
Statement of Changes in Net Position – Fiduciary Funds
June 30, 2021

	Custodial Funds
Additions	
Special assessments	\$ 11,360,255
Interest	246,323
Other	6,552,501
Total Additions	18,159,079
Deductions	
Payments to bondholders	10,820,504
Services	1,609,734
Contributions to other governments	6,590,108
Total Deductions	19,020,346
Net Decrease in Fiduciary Net Position	(861,267)
Net Position - Beginning, as restated	34,934,246
Net Position - Ending	\$ 34,072,979

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 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 Authority, and the Corporation as component units of the District. Accordingly, the financial activities of the 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. All debt instruments issued by the Corporation and the Authority are included as long-term liabilities in the government-wide financial statement.

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.

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

- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

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

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).
- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), 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 goods or services provided to other funds of the District on a cost-reimbursement basis. The District operates a self-insured workers' compensation program that is accounted for in an internal service fund.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the District and are not available to support the District's own programs. Fiduciary funds are split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The three types of trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics.

Trust funds are used to account for resources held by the District under a trust agreement for individuals, private organizations, or other governments. The District does not have any trust funds. Custodial funds are used to account for resources, not in a trust, that are held by the District for other parties outside the District's reporting entity. The District's custodial funds are related to funds held for various Community Facility 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.

Prepaid Expenditures (Expenses)

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

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 and Premiums

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 or proprietary fund statement of net position. Debt premiums 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 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.

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.

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, 2021, fund balances of the governmental funds are classified as follows:

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

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

Committed - amounts that can be used only for specific purposes determined by formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolution or other actions as approved by the governing board.

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 \$109,409,728 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

As of July 1, 2020, the District adopted GASB Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the District resulted in a reclassification of the District's student body activities from fiduciary to governmental and a reclassification of agency funds to custodial funds. The effect of the implementation of this standard on beginning fund balance and net position is disclosed in Note 20.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental funds	\$ 262,886,068
Proprietary funds	31,179,708
Fiduciary funds	<u>34,060,056</u>
Total deposits and investments	<u><u>\$ 328,125,832</u></u>

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

Cash on hand and in banks	\$ 3,679,373
Cash in revolving	224,775
Investments	<u>324,221,684</u>
Total deposits and investments	<u><u>\$ 328,125,832</u></u>

Policies and Practices

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

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

General Authorizations

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

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

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 Sponsored 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:

<u>Investment Type</u>	<u>Reported Amount</u>	<u>Maturity Date/ Average Maturity in Days</u>
Riverside County Treasury Investment Pool	\$ 303,908,064	420
First American Treasury Obligation Money Market Funds	17,373,544	28
Fannie Mae Note	543,471	11/7/2025
Exxon Mobil Corporation Commercial Paper	750,962	7/16/2021
Toyota Credit De Puerto Rico Commercial Paper	1,222,426	11/1/2021
U.S. Treasury Notes	423,217	1/31/2022
	<u>\$ 324,221,684</u>	
Total		

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, 2021, other than Exxon Mobil Corporation Commercial Paper and Toyota Credit de Puerto Rico Commercial Paper, which have been rated P-1.

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, 2021, the District's bank balance of \$18,016,174 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 3 - Fair Value Measurements

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

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

The District's fair value measurements are as follows at June 30, 2021:

Investment Type	Reported Amount	Fair Value Measurements Using	
		Level 1 Inputs	Level 2 Inputs
U.S. Treasury Notes	\$ 423,217	\$ 423,217	\$ -
Fannie Mae Note	543,471	-	543,471
First American Treasury Obligation Money			
Market Mutual Funds	17,373,544	-	17,373,544
Exxon Mobil Corporation Commercial Paper	750,962	-	750,962
Toyota Credit De Puerto Rico Commercial Paper	1,222,426	-	1,222,426
Total	\$ 20,313,620	\$ 423,217	\$ 19,890,403

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

Note 4 - Receivables

Receivables at June 30, 2021, 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	\$ 22,619,990	\$ -	\$ 3,269,481	\$ -	\$ 25,889,471	\$ -
State Government						
LCFF apportionment	37,830,766	-	-	-	37,830,766	-
Categorical aid	2,738,047	-	526,183	-	3,264,230	-
Lottery	3,501,583	-	-	-	3,501,583	-
Special education	11,431,633	-	-	-	11,431,633	-
Local Government						
Interest	107,031	27,956	3,664	21,911	160,562	15,387
Other local sources	2,694,848	-	7,671	7,996	2,710,515	-
Total	\$ 80,923,898	\$ 27,956	\$ 3,806,999	\$ 29,907	\$ 84,788,760	\$ 15,387

Note 5 - Long-Term Receivables

The \$54,240,000 in 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 purpose outstanding CFDs' special tax revenue bonds.

Note 6 - Capital Assets

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

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 84,401,059	\$ -	\$ -	\$ 84,401,059
Construction in progress	290,836,749	32,129,763	-	322,966,512
Total capital assets not being depreciated	375,237,808	32,129,763	-	407,367,571
Capital assets being depreciated				
Land improvements	77,444,743	-	-	77,444,743
Buildings and improvements	1,053,374,690	-	(545,879)	1,052,828,811
Furniture and equipment	46,653,713	543,204	(401,824)	46,795,093
Total capital assets being depreciated	1,177,473,146	543,204	(947,703)	1,177,068,647
Total capital assets	1,552,710,954	32,672,967	(947,703)	1,584,436,218
Accumulated depreciation				
Land improvements	(55,194,983)	(3,247,869)	-	(58,442,852)
Buildings and improvements	(469,355,990)	(30,507,157)	77,333	(499,785,814)
Furniture and equipment	(32,957,408)	(1,578,443)	289,787	(34,246,064)
Total accumulated depreciation	(557,508,381)	(35,333,469)	367,120	(592,474,730)
Governmental activities capital assets, net	\$ 995,202,573	\$ (2,660,502)	\$ (580,583)	\$ 991,961,488

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Instruction	\$ 30,723,382
Supervision of instruction	776,913
School site administration	635,656
Home-to-school transportation	741,600
Food services	19,236
All other pupil services	176,570
Data processing	141,257
All other administration	706,284
Plant services	<u>1,412,571</u>
Total depreciation expenses governmental activities	<u><u>\$ 35,333,469</u></u>

Note 7 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2021, between major and non-major governmental funds are as follows:

The balance of \$4,924,292 due to the General Fund from the Cafeteria Non-Major Governmental Fund resulted from salaries, benefits, and other operating expenditures.

Interfund Transfers

Interfund transfers for the year ended June 30, 2021, consisted of the following:

The General Fund transferred to the Cafeteria Non-Major Governmental Fund for operating contributions.	<u><u>\$ 628,045</u></u>
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Note 8 - Accounts Payable

Accounts payable at June 30, 2021, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total	Fiduciary Funds
Salaries and benefits	\$ 6,914,010	\$ -	\$ 51,909	\$ -	\$ 6,965,919	\$ -
LCFF apportionment	17,475,544	-	-	-	17,475,544	-
Supplies	2,793,088	174,631	129,208	-	3,096,927	-
Services	5,960,156	99,478	39,469	47	6,099,150	2,464
Capital outlay	-	2,894,207	244,124	-	3,138,331	-
Other vendor payables	1,284,842	-	209	-	1,285,051	-
Total	\$ 34,427,640	\$ 3,168,316	\$ 464,919	\$ 47	\$ 38,060,922	\$ 2,464

Note 9 - Unearned Revenue

Unearned revenue at June 30, 2021, consists of the following:

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	\$ 769,749	\$ -	\$ 769,749
State categorical aid	6,628,060	-	6,628,060
Other local	-	490,755	490,755
Total	\$ 7,397,809	\$ 490,755	\$ 7,888,564

Note 10 - Tax Revenue Anticipation Notes

The District issued \$28,360,000 of Tax and Revenue Anticipation Notes dated March 30, 2021, through the Riverside County Office of Education Pool. The notes mature on December 1, 2021 with an interest rate of 2.00 percent. The notes were sold to supplement the District's cash flow. Repayment terms stipulate that 100 percent of principal and interest are due on the account to a designated fiscal agent by the notes' maturity date (25 percent of principal on July 15, 2021, 25 percent of principal on September 15, 2021, and 50 percent of principal and total interest on November 15, 2021). As of June 30, 2021, the District had an outstanding Tax and Revenue Anticipation Note in the amount of \$28,360,000.

Issue Date	Rate	Maturity Date	Outstanding July 1, 2020	Additions	Payments	Outstanding June 30, 2021
3/30/2021	2.00%	12/1/2021	\$ -	\$ 28,360,000	\$ -	\$ 28,360,000

Note 11 - 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, 2020	Additions	Deductions	Balance June 30, 2021	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 580,478,872	\$ 61,627,217	\$ (64,080,000)	\$ 578,026,089	\$ 23,365,000
Premium on issuance	42,411,312	-	(5,931,618)	36,479,694	-
Certificates of participation	18,660,000	-	(1,570,000)	17,090,000	1,620,000
Corona-Norco Unified School District Public					
financing authority bonds	55,735,000	35,835,000	(37,675,000)	53,895,000	3,725,000
Capital leases	7,142,026	-	(503,460)	6,638,566	514,394
Property and liability	1,243,200	277,683	(448,600)	1,072,283	448,600
Claims liability	20,490,000	2,651,185	(1,778,185)	21,363,000	1,778,185
Supplemental early retirement plan (SERP)	1,974,655	-	(1,974,655)	-	-
Compensated absences	5,101,062	-	(944,796)	4,156,266	-
Total	\$ 733,236,127	\$ 100,391,085	\$ (114,906,314)	\$ 718,720,898	\$ 31,451,179

- 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 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, 2020	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2021
7/1/2000	8/1/2025	4.15-6.04%	\$14,885,534	\$ 10,246,723	\$ -	\$ 587,413	\$ (1,865,000)	\$ 8,969,136
12/1/2001	9/1/2026	3.00-5.72%	23,000,139	20,237,066	-	1,092,867	(2,575,000)	18,754,933
12/12/2002	9/1/2027	2.50-5.71%	10,113,949	11,182,304	-	624,654	(795,000)	11,011,958
2/4/2009	2/1/2034	3.00-6.11%	53,429,200	14,977,753	-	1,444,144	(1,825,000)	14,596,897
12/1/2009	8/1/2039	2.50-7.08%	67,997,922	43,764,871	-	3,177,337	(3,920,000)	43,022,208
11/26/2011	8/1/2027	2.00-5.50%	21,568,291	17,830,155	-	920,802	(220,000)	18,530,957
7/8/2015	8/1/2044	2.50-5.00%	99,995,000	80,425,000	-	-	(43,250,000)	37,175,000
7/8/2015	8/1/2031	3.00-5.00%	51,675,000	44,270,000	-	-	(3,245,000)	41,025,000
9/27/2016	8/1/2039	3.00-4.00%	70,030,000	66,785,000	-	-	(50,000)	66,735,000
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	-	-	(1,500,000)	117,940,000
10/24/2019	8/1/2049	3.00-5.00%	86,000,000	86,000,000	-	-	(4,000,000)	82,000,000
10/24/2019	8/1/2039	1.73-3.19%	34,175,000	34,175,000	-	-	(835,000)	33,340,000
8/5/2020	8/1/2045	0.45-2.79%	53,780,000	-	53,780,000	-	-	53,780,000
				<u>\$580,478,872</u>	<u>\$53,780,000</u>	<u>\$7,847,217</u>	<u>\$(64,080,000)</u>	<u>\$ 578,026,089</u>

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, 2021, the principal balance outstanding of the 1998 General Obligation Bonds, Series B was \$8,969,136.

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, 2021, the principal balance outstanding on the 1998 General Obligation Bonds, Series C was \$18,754,933. Unamortized premium received on issuance of the bonds amounted to \$79,458 as of June 30, 2021.

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, 2021, the principal balance outstanding of the 1998 General Obligation Bonds, Series D was \$11,011,958. Unamortized premium received on issuance of the bonds amounted to \$62,677, as of June 30, 2021.

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, 2021, the principal balance outstanding on the 2006 General Obligation Bonds, Series B was \$14,596,897. Unamortized premium received on issuance of the bonds amounted to \$1,510,728, as of June 30, 2021.

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, 2021, the principal balance outstanding on the 2006 General Obligation Bonds, Series C was \$43,022,208. Unamortized premium received on issuance of the bonds amounted to \$5,075,420, as of June 30, 2021.

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, 2021, the principal balance outstanding on the 2006 General Obligation Bonds, Series E was \$18,530,957. Unamortized premium received on issuance as of June 30, 2021, amounted to \$65,628.

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, 2021, the principal balance outstanding was \$37,175,000, and unamortized premium on issuance was \$3,198,240.

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, 2021, the principal balance outstanding was \$41,025,000, and unamortized premium on issuance and deferred charge on refunding were \$3,578,536 and \$1,718,118, 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, 2021, the principal balance outstanding was \$66,735,000, and unamortized premium on issuance and deferred charge on refunding were \$6,246,338 and \$5,699,672, 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, 2021, the principal balance outstanding was \$31,145,000, and unamortized premium on issuance and deferred charge on refunding were \$2,745,618 and \$351,807, 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, 2021, the principal balance outstanding was \$117,940,000, and unamortized premium on issuance was \$6,100,653.

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 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, 2021, the principal balance outstanding was \$82,000,000, and unamortized premium on issuance was \$7,816,398.

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, 2021, the principal balance outstanding was \$33,340,000 and deferred charge on refunding was \$6,753,064.

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 were issued at an aggregate price of \$53,301,650 (representing the principal amount of \$53,780,000 less cost of issuance of \$478,350). The bonds have a final maturity which occurs on August 1, 2049 with interest rates of 0.45 to 2.79 percent. Proceeds from the sale of the bonds were used to provide a partial refunding of the District's 2014 General Obligation Bonds, Series A in the amount of \$43,250,000. The refunding resulted in a cumulative cash flow saving of \$5,139,895 over the life of the new debt and an economic gain of \$5,142,758 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 2.73 percent. As of June 30, 2021, the principal balance outstanding was \$53,780,000 and deferred charge on refunding was \$5,929,881.

The general obligation bonds mature as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Interest to Maturity	Total
2022	\$ 22,870,704	\$ 494,296	\$ 18,549,598	\$ 41,914,598
2023	22,205,070	1,419,930	18,540,402	42,165,402
2024	21,484,250	2,345,750	18,053,787	41,883,787
2025	19,091,219	3,173,781	17,601,002	39,866,002
2026	20,098,154	3,786,846	17,133,143	41,018,143
2027-2031	86,141,393	11,812,412	76,787,609	174,741,414
2032-2036	102,057,328	8,293,531	60,916,201	171,267,060
2037-2041	121,622,971	27,882,459	39,780,830	189,286,260
2042-2046	92,525,000	-	23,176,073	115,701,073
2047-2051	69,930,000	-	4,921,200	74,851,200
Total	<u>\$ 578,026,089</u>	<u>\$ 59,209,005</u>	<u>\$ 295,459,845</u>	<u>\$ 932,694,939</u>

2020 Refunding Certificates of Participation

On January 1, 2020, the Corona-Norco Unified School District Land Acquisition Corporation issued the 2020 Refunding Certificates of Participation in the amount of \$20,145,000. The certificates have a final maturity to occur on April 15, 2031, with interest rate of 3.20 percent. Proceeds from the sale of the certificates 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, 2021, the principal balance outstanding was \$17,090,000 and deferred charge on refunding was \$(42,488).

The 2020 Refunding Lease mature as follows:

Year Ending June 30,	Principal	Interest	Total
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	1,840,000	314,720	2,154,720
2027-2031	8,455,000	657,520	9,112,520
Total	<u>\$ 17,090,000</u>	<u>\$ 2,787,840</u>	<u>\$ 19,877,840</u>

Corona-Norco Unified School District Public Financing Authority Bonds

The Corona-Norco Unified School District Public Financing Authority (PFA) was created to purchase outstanding debt obligations of various Community Facility Districts (CFD). 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. The 2016 PFA, Series A Refunding Bonds refinanced the debt for 2005 PFA, Series B Refunding Bonds. During the current year, 2021 PFA Refunding Bonds were issued in the amount of \$35,835,000 to fully refinance the outstanding 2013 PFA Series A and Series B bonds. As of June 30, 2021, the principal balance is \$53,895,000.

Year Ending June 30,	Principal	Interest	Total
2022	\$ 3,725,000	\$ 1,096,600	\$ 4,821,600
2023	3,640,000	1,156,631	4,796,631
2024	3,700,000	1,102,153	4,802,153
2025	3,765,000	1,041,035	4,806,035
2026	3,830,000	970,652	4,800,652
2027-2031	20,010,000	3,492,666	23,502,666
2032-2036	14,870,000	974,424	15,844,424
2037-2041	355,000	7,366	362,366
Total	<u>\$ 53,895,000</u>	<u>\$ 9,841,527</u>	<u>\$ 63,736,527</u>

Capital Lease

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

Balance, July 1, 2020	\$ 8,187,801
Payments	<u>(655,024)</u>
Balance, July 1, 2021	<u>\$ 7,532,777</u>

The capital lease have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2022	\$ 655,024
2023	655,024
2024	655,024
2025	655,024
2026	655,024
2027-2031	3,275,120
2032-2033	982,536
Total	7,532,776
Less amount representing interest	(894,210)
Present value of minimum lease payments	\$ 6,638,566

Property and Liability

The District had outstanding reserves that amounted to \$1,072,283 at June 30, 2021 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, 2021, amounted to \$21,363,000, 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 2015-2016 school year, were purchased from Pacific Life Insurance Company. As of June 30, 2021, there was no remaining obligation.

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2021, amounted to \$4,156,266.

Note 12 - Other Postemployment Benefit (OPEB) Liability

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

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 87,053,722	\$ 12,693,642	\$ 1,114,085	\$ 9,590,274
Medicare Premium Payment (MPP) Program	<u>3,951,361</u>	<u>-</u>	<u>-</u>	<u>458,679</u>
Total	<u><u>\$ 91,005,083</u></u>	<u><u>\$ 12,693,642</u></u>	<u><u>\$ 1,114,085</u></u>	<u><u>\$ 10,048,953</u></u>

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, 2021, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	222
Active employees	<u>3,434</u>
Total	<u><u>3,656</u></u>

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. During the 2020-2021 fiscal year, the District paid \$1,214,500 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of \$87,053,722 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.63 percent
Salary increases	2.75 percent, average, including inflation
Discount rate	2.20 percent
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, 2020	\$ 73,384,526
Service cost	6,072,708
Interest	2,633,239
Differences between expected and actual experience in the measurement of the total OPEB liability	116,573
Changes of assumptions	7,334,203
Benefit payments	(2,487,527)
Net change in total OPEB liability	13,669,196
Balance, June 30, 2021	\$ 87,053,722

Changes of assumptions reflect a change in the discount rate from 3.50 percent for measurement period June 30, 2019 to 2.20 percent for measurement period 2020.

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 (1.2%)	\$ 91,362,587
Current discount rate (2.2%)	87,053,722
1% increase (3.2%)	81,189,511

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%)	\$ 83,330,005
Current healthcare cost trend rate (4.0%)	87,053,722
1% increase (5.0%)	89,646,014

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$9,590,274. At June 30, 2021, 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	\$ 1,214,500	\$ -
Differences between expected and actual experience in the measurement of the total OPEB liability	3,556,091	-
Changes of assumptions	7,923,051	1,114,085
Total	\$ 12,693,642	\$ 1,114,085

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
2022	\$ 884,327
2023	884,327
2024	884,327
2025	884,327
2026	884,327
Thereafter	5,943,422
Total	\$ 10,365,057

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, 2019 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, 2021, the District reported a liability of \$3,951,361 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. 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, 2020 and June 30, 2019, respectively, was 0.9324 percent, and 0.9379 percent, resulting in a net decrease in the proportionate share of 0.0055 percent.

For the year ended June 30, 2021, the District recognized OPEB expense of \$458,679.

Actuarial Methods and Assumptions

The June 30, 2020 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total OPEB liability to June 30, 2020, using the assumptions listed in the following table:

Measurement Date	June 30, 2020	June 30, 2019
Valuation Date	June 30, 2019	June 30, 2018
Experience Study	June 30, 2014 through June 30, 2018	June 30, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.21%	3.50%
Medicare Part A Premium Cost Trend Rate	4.50%	3.70%
Medicare Part B Premium Cost Trend Rate	5.40%	4.10%

For the valuation as of June 30, 2019, 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-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 294 or an average of 0.18 percent of the potentially eligible population (159,339).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2020, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, 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, 2020, is 2.21 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 2.21 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2020, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 1.29 percent from 3.50 percent as of June 30, 2019.

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 (1.21%)	\$ 4,369,329
Current discount rate (2.21%)	3,951,361
1% increase (3.21%)	3,595,700

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 (3.50% Part A and 4.40% Part B)	\$ 3,582,833
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	3,951,361
1% increase (5.50% Part A and 6.40% Part B)	4,375,604

Note 13 - 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 \$95,956,000 as of June 30, 2021, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

Note 14 - 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	\$ -	\$ -	\$ 10,945	\$ 215,945
Stores inventories	210,429	-	-	223,676	434,105
Prepaid expenditures	156,284	-	-	-	156,284
Total nonspendable	<u>571,713</u>	<u>-</u>	<u>-</u>	<u>234,621</u>	<u>806,334</u>
Restricted					
Legally restricted programs	25,568,592	-	-	-	25,568,592
Student activity	-	-	-	3,002,102	3,002,102
Adult education	-	-	-	2,142,222	2,142,222
Food service	-	-	-	988,333	988,333
Capital projects	-	32,101,050	-	11,514,075	43,615,125
Debt services	-	-	56,715,987	8,060,179	64,776,166
Total restricted	<u>25,568,592</u>	<u>32,101,050</u>	<u>56,715,987</u>	<u>25,706,911</u>	<u>140,092,540</u>
Committed					
Instructional materials	10,000,000	-	-	-	10,000,000
Major/routine maintenance	5,000,000	-	-	-	5,000,000
Technology related upgrades/ repairs/maintenance	8,000,000	-	-	-	8,000,000
Total committed	<u>23,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,000,000</u>
Assigned					
School site planned expenditures	3,531,057	-	-	-	3,531,057
LCAP planned expenditures	3,444,860	-	-	-	3,444,860
Instructional materials, facilities maintenance, & technology	25,700,000	-	-	-	25,700,000
Local grants	309,617	-	-	-	309,617
Enrollment adjustment	64,666,725	-	-	-	64,666,725
Total assigned	<u>97,652,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,652,259</u>
Unassigned					
Reserve for economic uncertainties	12,374,739	-	-	-	12,374,739
Total	<u>\$ 159,167,303</u>	<u>\$ 32,101,050</u>	<u>\$ 56,715,987</u>	<u>\$ 25,941,532</u>	<u>\$ 273,925,872</u>

Note 15 - 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 \$21,363,000 have been discounted at 1.00 percent as of June 30, 2021. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2019 to June 30, 2021:

	Workers' Compensation
Liability Balance, July 1, 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
Claims and changes in estimates	2,651,185
Claims payments	(1,778,185)
Liability Balance, June 30, 2021	\$ 21,363,000
Assets available to pay claims at June 30, 2021	\$ 31,209,615

Note 16 - 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, 2021, 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	\$ 518,565,153	\$ 120,800,620	\$ 19,503,322	\$ 71,619,368
CalPERS	152,532,185	26,088,020	6,016,272	28,224,442
Total	<u>\$ 671,097,338</u>	<u>\$ 146,888,640</u>	<u>\$ 25,519,594</u>	<u>\$ 99,843,810</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at:
<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, 2021, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	2% at 60	2% at 62
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	Monthly for life	Monthly for life
Benefit payments	60	62
Retirement age	2.0% - 2.4%	2.0% - 2.4%
Monthly benefits as a percentage of eligible compensation	10.25%	10.205%
Required employee contribution rate	16.15%	16.15%
Required employer contribution rate	10.328%	10.328%
Required state contribution rate		

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the District's total contributions were \$47,333,140.

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

At June 30, 2021, 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	\$ 518,565,153
State's proportionate share of the net pension liability	<u>267,320,398</u>
Total	<u><u>\$ 785,885,551</u></u>

The net pension liability was measured as of June 30, 2020. 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, 2020 and June 30, 2019, respectively, was 0.5351 percent and 0.5302 percent, resulting in a net increase in the proportionate share of 0.0049 percent.

For the year ended June 30, 2021, the District recognized pension expense of \$71,619,368. In addition, the District recognized pension expense and revenue of \$37,448,965 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 47,333,140	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	9,666,881	4,878,896
Differences between projected and actual earnings on pension plan investments	12,318,123	-
Differences between expected and actual experience in the measurement of the total pension liability	915,030	14,624,426
Changes of assumptions	<u>50,567,446</u>	<u>-</u>
Total	<u><u>\$ 120,800,620</u></u>	<u><u>\$ 19,503,322</u></u>

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

The deferred 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:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ (7,516,445)
2023	4,197,010
2024	8,373,505
2025	<u>7,264,053</u>
Total	<u>\$ 12,318,123</u>

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ 15,239,003
2023	13,032,561
2024	13,671,022
2025	(353,182)
2026	(232,442)
Thereafter	<u>289,073</u>
Total	<u>\$ 41,646,035</u>

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) 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 January 2020 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, 2020, are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.10 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%)	\$ 783,479,713
Current discount rate (7.10%)	518,565,153
1% increase (8.10%)	299,840,880

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, 2019 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, 2021, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	20.70%	20.70%

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, 2021, are presented above and the total District contributions were \$14,788,317.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$152,532,185. The net pension liability was measured as of June 30, 2020. 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, 2020 and June 30, 2019, respectively, was 0.4971 percent and 0.5043 percent, resulting in a net decrease in the proportionate share of 0.0072 percent.

For the year ended June 30, 2021, the District recognized pension expense of \$28,224,442. At June 30, 2021, 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	\$ 14,788,317	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	6,016,272
Differences between projected and actual earnings on pension plan investments	3,175,234	-
Differences between expected and actual experience in the measurement of the total pension liability	7,565,128	-
Changes of assumptions	559,341	-
	<u>\$ 26,088,020</u>	<u>\$ 6,016,272</u>
Total	<u>\$ 26,088,020</u>	<u>\$ 6,016,272</u>

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

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ (1,188,239)
2023	1,059,866
2024	1,842,223
2025	<u>1,461,384</u>
Total	<u>\$ 3,175,234</u>

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ 2,863,006
2023	224,333
2024	(878,983)
2025	<u>(100,159)</u>
Total	<u>\$ 2,108,197</u>

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2019
Measurement date	June 30, 2020
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%)	\$ 219,292,830
Current discount rate (7.15%)	152,532,185
1% increase (8.15%)	97,124,199

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 \$30,252,735 (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.

Note 17 - 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, 2021.

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, 2021.

Construction Commitments

As of June 30, 2021, the District had the following commitments with respect to unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Foothill Elementary - Relo Removal and site beautification	\$ 25,000	January 2022
Jefferson Elementary - School upgrades/admin/classrooms	2,041,600	October 2021
Washington Elementary - School upgrades/admin/Kinder classrooms	8,841,858	July 2022
Norco Intermediate - School upgrades/admin/MPR	405,979	July 2021
Corona Fundamental - MPR/Gymnasium	10,664,713	July 2022
Norco HS - Pool upgrade	1,417,585	December 2021
Total	<u>\$ 23,396,735</u>	

Note 18 - 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, 2021, the District made a payment of \$2,682,630, \$15,113,614, and \$28,700,398 to SCR, SISC, and VEBA, respectively, for the coverage noted above.

Note 19 - Subsequent Events

Certificate of Participation

On November 9, 2021, the District issued Certificates of Participation in the amount of \$16,453,000. The certificates have a final maturity to occur on April 15, 2031, with interest rate of 2.42 percent.

Note 20 - Restatement of Prior Period Net Position and Fund Balance

As of July 1, 2020, the District adopted GASB Statement No. 84, Fiduciary Activities (GASB 84). As a result of the implementation of GASB 84, the District has reclassified its associated student body activity previously reported as fiduciary funds to a governmental fund – Student Activity Fund. Additionally, the District restated its custodial funds beginning net position that were previously reported as liabilities. The following table describes the effects of the implementation on beginning fund balance/net position.

	Non-Major Governmental Funds	Total Governmental Funds
Beginning Fund Balance previously reported at June 30, 2020	\$ 21,428,995	\$ 232,091,608
Reclassification of student activity funds from agency funds to a special revenue fund	3,118,912	3,118,912
Fund Balance - Beginning as Restated at July 1, 2020	\$ 24,547,907	\$ 235,210,520
Custodial Funds		
Beginning Net Position Fiduciary Funds Reported at June 30, 2020		\$ -
Reclassification of agency funds to custodial funds		34,934,246
Fund Balance - Beginning as Restated		\$ 34,934,246
Government-Wide Financial Statements		
Beginning Net Position as previously reported at June 30, 2020		\$ 9,165,674
Reclassification of student activity funds from agency funds to a special revenue fund		3,118,912
Net Position - Beginning as Restated, at July 1, 2020		\$ 12,284,586



Required Supplementary Information
June 30, 2021

Corona-Norco Unified School District

Corona-Norco Unified School District
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 444,596,406	\$ 481,934,755	\$ 482,708,811	\$ 774,056
Federal sources	29,886,092	93,079,120	70,652,088	(22,427,032)
Other State sources	81,729,207	133,304,181	114,922,526	(18,381,655)
Other local sources	6,360,500	8,074,401	13,234,851	5,160,450
Total revenues	<u>562,572,205</u>	<u>716,392,457</u>	<u>681,518,276</u>	<u>(34,874,181)</u>
Expenditures				
Current				
Certificated salaries	289,795,363	304,329,812	299,173,503	5,156,309
Classified salaries	74,510,118	80,565,660	77,765,927	2,799,733
Employee benefits	131,497,965	143,709,529	137,484,366	6,225,163
Books and supplies	14,128,192	68,546,913	35,455,009	33,091,904
Services and operating expenditures	70,971,725	75,494,798	64,372,778	11,122,020
Other outgo	699,187	(311,260)	(177,889)	(133,371)
Capital outlay	608,464	954,978	3,968,856	(3,013,878)
Debt service				
Debt service - principal	1,555,199	503,460	503,460	-
Debt service - interest and other	151,564	151,564	190,945	(39,381)
Total expenditures	<u>583,917,777</u>	<u>673,945,454</u>	<u>618,736,955</u>	<u>55,208,499</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(21,345,572)</u>	<u>42,447,003</u>	<u>62,781,321</u>	<u>20,334,318</u>
Other Financing Sources				
Transfers in	-	628,045	628,045	-
Net Change in Fund Balances	(21,345,572)	43,075,048	63,409,366	20,334,318
Fund Balance - Beginning	95,757,937	95,757,937	95,757,937	-
Fund Balance - Ending	<u>\$ 74,412,365</u>	<u>\$ 138,832,985</u>	<u>\$ 159,167,303</u>	<u>\$ 20,334,318</u>

Corona-Norco Unified School District
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 6,072,708	\$ 5,215,527	\$ 5,075,939	\$ 4,940,087
Interest	2,633,239	2,418,192	2,268,600	1,911,349
Differences between expected and actual experience in the measurement of the total OPEB liability	116,573	4,069,755	-	-
Changes of assumptions	7,334,203	1,355,687	(1,409,861)	-
Benefit payments	<u>(2,487,527)</u>	<u>(1,804,100)</u>	<u>(1,934,463)</u>	<u>(1,860,061)</u>
Net change in total OPEB liability	13,669,196	11,255,061	4,000,215	4,991,375
Total OPEB Liability - Beginning	<u>73,384,526</u>	<u>62,129,465</u>	<u>58,129,250</u>	<u>53,137,875</u>
Total OPEB Liability - Ending	<u>\$ 87,053,722</u>	<u>\$ 73,384,526</u>	<u>\$ 62,129,465</u>	<u>\$ 58,129,250</u>
Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Measurement Date	June 30, 2020	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.

Corona-Norco Unified School District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2021

Year ended June 30,	2021	2020	2019	2018
Proportion of the net OPEB liability	0.9324%	0.9379%	0.9400%	0.9489%
Proportionate share of the net OPEB liability	\$ 3,951,361	\$ 3,492,682	\$ 3,598,079	\$ 3,992,109
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

Corona-Norco Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
CalSTRS							
Proportion of the net pension liability	0.5351%	0.5302%	0.5237%	0.5241%	0.5385%	0.5358%	0.5048%
Proportionate share of the net pension liability	\$ 518,565,153	\$ 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	267,320,398	261,236,921	275,584,171	286,754,711	247,925,788	190,776,354	178,128,882
Total	<u>\$ 785,885,551</u>	<u>\$ 740,072,768</u>	<u>\$ 756,914,582</u>	<u>\$ 771,472,098</u>	<u>\$ 683,431,773</u>	<u>\$ 551,487,351</u>	<u>\$ 473,120,843</u>
Covered payroll	<u>\$ 291,683,836</u>	<u>\$ 290,603,059</u>	<u>\$ 282,625,329</u>	<u>\$ 278,652,631</u>	<u>\$ 271,662,311</u>	<u>\$ 248,682,275</u>	<u>230,677,774</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>177.78%</u>	<u>164.77%</u>	<u>170.31%</u>	<u>173.95%</u>	<u>160.31%</u>	<u>145.05%</u>	<u>127.88%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72%</u>	<u>73%</u>	<u>71%</u>	<u>69%</u>	<u>70%</u>	<u>74%</u>	<u>77%</u>
Measurement Date	June 30, 2020	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	0.4971%	0.5043%	0.5131%	0.5178%	0.5319%	0.5032%	0.4453%
Proportionate share of the net pension liability	\$ 152,532,185	\$ 146,979,773	\$ 136,798,840	\$ 123,605,687	\$ 105,049,259	\$ 74,173,770	\$ 50,553,827
Covered payroll	<u>\$ 71,623,087</u>	<u>\$ 69,849,961</u>	<u>\$ 67,763,055</u>	<u>\$ 66,101,865</u>	<u>\$ 22,541,597</u>	<u>\$ 56,284,674</u>	<u>47,346,544</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>212.97%</u>	<u>210.42%</u>	<u>201.88%</u>	<u>186.99%</u>	<u>466.02%</u>	<u>131.78%</u>	<u>106.77%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>70%</u>	<u>71%</u>	<u>72%</u>	<u>74%</u>	<u>79%</u>	<u>83%</u>
Measurement Date	June 30, 2020	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.

Corona-Norco Unified School District
Schedule of District Contributions
Year Ended June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
CaSTRS							
Contractually required contribution	\$ 47,333,140	\$ 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	47,333,140	49,877,936	47,310,178	40,782,835	35,054,501	29,149,366	22,082,986
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 297,087,674</u>	<u>\$ 291,683,836</u>	<u>\$ 290,603,059</u>	<u>\$ 282,625,329</u>	<u>\$ 278,652,631</u>	<u>\$ 271,662,311</u>	<u>\$ 248,682,275</u>
Contributions as a percentage of covered payroll	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
CaIPERS							
Contractually required contribution	\$ 14,124,789	\$ 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	14,124,789	12,616,300	10,524,280	9,180,227	2,670,503	6,625,269
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 68,235,696</u>	<u>\$ 71,623,087</u>	<u>\$ 69,849,961</u>	<u>\$ 67,763,055</u>	<u>\$ 66,101,865</u>	<u>\$ 22,541,597</u>	<u>\$ 56,284,674</u>
Contributions as a percentage of covered payroll	<u>20.700%</u>	<u>19.721%</u>	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

This 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 3.50 percent for measurement period June 30, 2019 to 2.20 percent for measurement period 2020.

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 3.50 percent to 2.21 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, 2021

Corona-Norco Unified School District

Corona-Norco Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/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 (IDEA)			
Special Education Grants to States - Basic Local Assistance Entitlement	84.027	13379	\$ 8,582,909
Special Education Grants to States - Mental Health	84.027A	15197	592,012
Special Education Grants to States - Quality Assurance & Focus Monitoring	84.027A	13693	14,003
Special Education Preschool Grants	84.173	13430	169,217
Preschool Capacity Building, Part B, Sec 619	84.173A	13839	
Special Education Preschool Grants - Staff Development	84.173A	13431	2,224
Special Education Preschool Grants - Alternate Dispute Resolution	84.173A	13007	<u>47,548</u>
Total Special Education Cluster (IDEA)			<u>9,407,913</u>
Adult Education - Basic Grants to States ELA	84.002A	14508	414,632
Adult Education - Basic Grants to States Secondary Education	84.002	13978	168,928
Adult Education - Basic Grants to States English Literacy & Civics Education	84.002A	14109	<u>278,822</u>
Subtotal			<u>862,382</u>
Title I Grants to Local Education Agencies	84.010	14329	5,782,565
Title I Grants to Local Education Agencies - School Improvement Funding for LEAs	84.010	15438	<u>359,305</u>
Subtotal			<u>6,141,870</u>
English Language Acquisition State Grants - Immigrant Student Program	84.365	15146	28,697
English Language Acquisition State Grants - English Learner Student Program	84.365	14346	<u>842,507</u>
Subtotal			<u>871,204</u>
Supporting Effective Instruction State Grants	84.367	14341	32,493
Student Support and Academic Enrichment Program	84.424	15396	924,002
Special Education - Grants for Infants and Families	84.181	23761	148,995
Career and Technical Education - Basic Grants to States	84.048	14894	<u>298,877</u>
Education Stabilization Fund			
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	6,965,141
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	15,050,933
COVID-19 Child Nutrition: COVID CARES Act Supplemental Meal Reimbursement	84.425D	15517	136,199
COVID-19 Governor's Emergency Education Relief Funds: Learning Loss Mitigation	84.425C	15517	<u>3,323,581</u>
Subtotal			<u>25,475,854</u>

Corona-Norco Unified School District
Schedule of Expenditures of Federal Awards
June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Passed through California Department of Rehabilitation Rehabilitation Services Vocational Rehabilitation Grants to States - Workability II	84.126	10006	<u>329,314</u>
Total U.S. Department of Education			<u>44,492,904</u>
U.S. Department of Treasury Passed Through CDE COVID-19 Coronavirus Relief Funds - Learning Loss Mitigation	21.019	13609	<u>26,664,825</u>
Total U.S. Department Treasury			<u>26,664,825</u>
U.S. Department of Agriculture Passed Through California Department of Education Child Nutrition Cluster			
National School Lunch Program	10.555	13396	6,289,805
National School Lunch Program - Commodities	10.555	13396	904,065
School Breakfast Program - Basic	10.553	13390	229,606
School Breakfast Program - Especially Needy	10.553	13526	<u>3,611,959</u>
Total Child Nutrition Cluster			<u>11,035,435</u>
Child and Adult Care Food Program	10.558	13666	380,134
Forest Service Schools and Roads Cluster Schools and Roads - Grants to States	10.665	10044	<u>16,135</u>
Total Forest Service Schools and Roads Cluster			<u>16,135</u>
Total U.S. Department of Agriculture			<u>11,431,704</u>
U.S. Department of Justice STOP School Violence - Threat Assessment Program	16.839	[1]	50,384
STOP School Violence - FY 2019 Project	16.839	[1]	<u>57,313</u>
Subtotal			<u>107,697</u>
Public Safety Partnership and Community Policing Grants - COPS Office School Violence Prevention Program	16.710	[1]	<u>369,108</u>
Total U.S. Department of Justice			<u>476,805</u>
Total Federal Financial Assistance			<u>\$ 83,066,238</u>

[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
Bill Pollock	President	2024
Elizabeth Marroquin	Vice President	2022
John Zickefoose	Clerk	2022
Mary Ybarra	Member	2024
Jose W. Lalas, Ph.D.	Member	2024

ADMINISTRATION

NAME	TITLE
Samuel Buenrostro, Ed.D.	Superintendent
Lisa Simon, Ed.D.	Deputy Superintendent, Educational Services
Dalia Gadelmawla	Assistant Superintendent, Business Services
Glen Gonsalves	Assistant Superintendent, Human Resources
Ben Odipo	Assistant Superintendent, Information Technology
Reginald Thompkins, Ed. D.	Assistant Superintendent, Instructional Support

Corona-Norco Unified School District

Schedule of Instructional Time

Year Ended June 30, 2021

Grade Level	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
	Traditional Calendar	Multitrack Calendar			
Kindergarten	180	175	-	180/175	Complied
Grades 1 - 3					
Grade 1	180	175	-	180/175	Complied
Grade 2	180	175	-	180/175	Complied
Grade 3	180	175	-	180/175	Complied
Grades 4 - 6					
Grade 4	180	175	-	180/175	Complied
Grade 5	180	175	-	180/175	Complied
Grade 6	180	175	-	180/175	Complied
Grades 7 - 8					
Grade 7	180	N/A	-	180	Complied
Grade 8	180	N/A	-	180	Complied
Grades 9 - 12					
Grade 9	180	N/A	-	180	Complied
Grade 10	180	N/A	-	180	Complied
Grade 11	180	N/A	-	180	Complied
Grade 12	180	N/A	-	180	Complied

See Notes to Supplementary Information

Corona-Norco Unified School District
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2021

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2021.

See Notes to Supplementary Information

Corona-Norco Unified School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2021

	(Budget) 2022 ¹	2021	2020	2019
General Fund				
Revenues	\$ 624,154,948	\$ 681,518,276	\$ 614,569,927	\$ 618,335,817
Other sources	-	628,045	-	-
Total Revenues and Other Sources	<u>624,154,948</u>	<u>682,146,321</u>	<u>614,569,927</u>	<u>618,335,817</u>
Expenditures	633,788,740	618,736,955	602,516,116	602,773,134
Other uses and transfers out	-	-	957,631	311,061
Total Expenditures and Other Uses	<u>633,788,740</u>	<u>618,736,955</u>	<u>603,473,747</u>	<u>603,084,195</u>
Increase/(Decrease) in Fund Balance	<u>(9,633,792)</u>	<u>63,409,366</u>	<u>11,096,180</u>	<u>15,251,622</u>
Ending Fund Balance	<u>\$ 65,321,692</u>	<u>\$ 74,955,484</u>	<u>\$ 95,757,937</u>	<u>\$ 84,661,757</u>
Available Reserves ²	<u>\$ 12,675,775</u>	<u>\$ 12,374,739</u>	<u>\$ 11,886,405</u>	<u>\$ 11,598,896</u>
Available Reserves as a Percentage of Total Outgo	<u>2.00%</u>	<u>2.00%</u>	<u>2.00%</u>	<u>2.00%</u>
Long-Term Liabilities	<u>N/A</u>	<u>\$ 1,480,823,319</u>	<u>\$ 1,435,928,955</u>	<u>\$ 1,367,257,708</u>
K-12 Average Daily Attendance at P-2	<u>48,942</u>	<u>50,642</u>	<u>50,642</u>	<u>51,090</u>

The General Fund balance has increased by \$9,706,273 over the past two years. The fiscal year 2021-2022 budget projects a decrease of \$9,633,792 (12.9 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 each of the past three years; however, the District anticipates incurring an operating deficit during the 2021-2022 fiscal year. Total long-term obligations have increased by \$113,565,611 over the past two years.

Average daily attendance has decreased by 448 over the past two years. Additional decline of 1,700 ADA is anticipated during fiscal year 2021-2022.

1 Budget 2022 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.

See Notes to Supplementary Information

Corona-Norco Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2021

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Capital Projects Fund for Blended Component Units	Debt Service Fund for Blended Component Units	Non-Major Governmental Funds
Assets								
Deposits and investments	\$ 3,002,102	\$ 1,612,613	\$ 3,321,628	\$ 7,143,822	\$ 1,131,613	\$ 3,518,865	\$ 8,060,179	\$ 27,790,822
Receivables	-	582,079	3,221,256	2,860	804	-	-	3,806,999
Stores inventories	-	-	223,677	-	-	-	-	223,677
Total assets	<u>\$ 3,002,102</u>	<u>\$ 2,194,692</u>	<u>\$ 6,766,561</u>	<u>\$ 7,146,682</u>	<u>\$ 1,132,417</u>	<u>\$ 3,518,865</u>	<u>\$ 8,060,179</u>	<u>\$ 31,821,498</u>
Liabilities and Fund Balances								
Liabilities								
Accounts payable	\$ -	\$ 52,470	\$ 128,560	\$ 283,889	\$ -	\$ -	\$ -	\$ 464,919
Due to other funds	-	-	4,924,292	-	-	-	-	4,924,292
Unearned revenue	-	-	490,755	-	-	-	-	490,755
Total liabilities	<u>-</u>	<u>52,470</u>	<u>5,543,607</u>	<u>283,889</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,879,966</u>
Fund Balances								
Nonspendable	-	-	234,621	-	-	-	-	234,621
Restricted	3,002,102	2,142,222	988,333	6,862,793	1,132,417	3,518,865	8,060,179	25,706,911
Total fund balances	<u>3,002,102</u>	<u>2,142,222</u>	<u>1,222,954</u>	<u>6,862,793</u>	<u>1,132,417</u>	<u>3,518,865</u>	<u>8,060,179</u>	<u>25,941,532</u>
Total liabilities and fund balances	<u>\$ 3,002,102</u>	<u>\$ 2,194,692</u>	<u>\$ 6,766,561</u>	<u>\$ 7,146,682</u>	<u>\$ 1,132,417</u>	<u>\$ 3,518,865</u>	<u>\$ 8,060,179</u>	<u>\$ 31,821,498</u>

Corona-Norco Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds
Year Ended June 30, 2021

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Capital Facilities Fund
Revenues				
Federal sources	-	\$ 862,382	\$ 11,551,768	\$ -
Other State sources	-	2,232,491	840,884	2,303
Other local sources	1,096,989	153,911	3,604	8,502,101
Total revenues	<u>1,096,989</u>	<u>3,248,784</u>	<u>12,396,256</u>	<u>8,504,404</u>
Expenditures				
Current				
Instruction	-	1,446,751	-	-
Instruction-related activities				
School site administration	-	1,124,138	-	-
Pupil services				
Food services	-	-	10,785,051	-
Administration				
All other administration	-	48,735	342,419	1,289,091
Plant services	-	94,982	-	-
Ancillary services	1,213,799	-	-	-
Other outgo	-	-	-	13,881
Facility acquisition and construction	-	-	-	1,273,187
Debt service				
Principal	-	-	-	1,570,000
Interest and other	-	-	-	584,560
Total expenditures	<u>1,213,799</u>	<u>2,714,606</u>	<u>11,127,470</u>	<u>4,730,719</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(116,810)</u>	<u>534,178</u>	<u>1,268,786</u>	<u>3,773,685</u>
Other Financing Sources (Uses)				
Other sources - proceeds from issuance of financing authority special tax bonds	-	-	-	-
Transfers out	-	-	(628,045)	-
Other uses - payment to refunded bonds escrow agent	-	-	-	-
Net Financing Uses	<u>-</u>	<u>-</u>	<u>(628,045)</u>	<u>-</u>
Net Change in Fund Balances	(116,810)	534,178	640,741	3,773,685
Fund Balance - Beginning, as restated	<u>3,118,912</u>	<u>1,608,044</u>	<u>582,213</u>	<u>3,089,108</u>
Fund Balance - Ending	<u>\$ 3,002,102</u>	<u>\$ 2,142,222</u>	<u>\$ 1,222,954</u>	<u>\$ 6,862,793</u>

Corona-Norco Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds
Year Ended June 30, 2021

	County School Facilities Fund	Capital Projects Fund for Blended Component Units	Debt Service Fund for Blended Component Units	Non-Major Governmental Funds
Revenues				
Federal sources	\$ -	\$ -	\$ -	\$ 12,414,150
Other State sources	1,131,065	-	-	4,206,743
Other local sources	1,352	1,677,596	5,421,158	16,856,711
Total revenues	<u>1,132,417</u>	<u>1,677,596</u>	<u>5,421,158</u>	<u>33,477,604</u>
Expenditures				
Current				
Instruction	-	-	-	1,446,751
Instruction-related activities				
School site administration	-	-	-	1,124,138
Pupil services				
Food services	-	-	-	10,785,051
Administration				
All other administration	-	-	-	1,680,245
Plant services	-	-	-	94,982
Ancillary services	-	-	-	1,213,799
Other outgo	-	-	-	13,881
Facility acquisition and construction	-	-	-	1,273,187
Debt service				
Principal	-	-	2,900,000	4,470,000
Interest and other	-	2,206,722	3,794,547	6,585,829
Total expenditures	<u>-</u>	<u>2,206,722</u>	<u>6,694,547</u>	<u>28,687,863</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,132,417</u>	<u>(529,126)</u>	<u>(1,273,389)</u>	<u>4,789,741</u>
Other Financing Sources (Uses)				
Other sources - proceeds from issuance of financing authority special tax bonds	-	-	35,835,000	35,835,000
Transfers out	-	-	-	(628,045)
Other uses - payment to refunded bonds escrow agent	-	-	(38,603,071)	(38,603,071)
Net Financing Uses	<u>-</u>	<u>-</u>	<u>(2,768,071)</u>	<u>(3,396,116)</u>
Net Change in Fund Balances	1,132,417	(529,126)	(4,041,460)	1,393,625
Fund Balance - Beginning, as restated	<u>-</u>	<u>4,047,991</u>	<u>12,101,639</u>	<u>24,547,907</u>
Fund Balance - Ending	<u>\$ 1,132,417</u>	<u>\$ 3,518,865</u>	<u>\$ 8,060,179</u>	<u>\$ 25,941,532</u>

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the 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 position, fund balance, or cash flows 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, 2021, the District did not have any food commodities reported as inventory.

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 Instructional Time

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* Section 43504.

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, 2021

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 Governing Board
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, 2021, 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 13, 2022.

Emphasis of Matter – Change in Accounting Principles

As discussed in Notes 1 and 20 to the financial statements, Corona-Norco Unified School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 13, 2022



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

To the Governing Board
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, 2021. 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, of 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, 2021.

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 of 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 of 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 13, 2022



Independent Auditor's Report on State Compliance

To the Governing Board
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 *2020-2021 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, 2021.

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 *2020-2021 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:

	<u>Procedures Performed</u>
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
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
K-3 Grade Span Adjustment	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
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	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	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Charter School Facility Grant Program	No, see below

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 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.

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.

Basis for Qualified Opinion on Ratios of Administrative Employees to Teachers

As described in the accompanying *Schedule of State Compliance Findings and Questioned Costs*, Corona-Norco Unified School District did not comply with requirements regarding the Ratio of Administrative Employees to Teachers. Compliance with such requirements is necessary, in our opinion for Corona-Norco Unified School District to comply with the requirement referred to above.

Qualified Opinion on Ratios of Administrative Employees to Teachers

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Corona-Norco Unified School District compliance, in all material respects, with the compliance requirements referred to above for the year ended June 30, 2021.

Corona-Norco Unified School District's response to the noncompliance finding identified in our audit is described in the accompanying *Schedule of State Compliance Findings and Questions Costs*. Corona-Norco Unified School District's response was not subject to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

Unmodified Opinion on Each of the Other Program

In our opinion, Corona-Norco Unified School District complied, in all material respects, with the laws and regulations of the state programs referred to above for the year ended June 30, 2021, except as described in the accompany *Schedule of State Compliance Findings and Questioned Costs*

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2020-2021 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 13, 2022



Schedule of Findings and Questioned Costs
June 30, 2021

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(a)	No

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing/ Federal CFDA Number
Education Stabilization Fund	84.425C & 84.425D
Coronavirus Relief Funds - Learning Loss Mitigation	21.019
Special Education Cluster (IDEA)	84.027 & 84.173

Dollar threshold used to distinguish between type A and type B programs	\$2,491,987
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Auditee qualified as low-risk auditee?	No
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State Compliance

Type of auditor's report issued on compliance for programs	Unmodified*
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*Unmodified for all programs except for the following program which was qualified:

Name of Program
Ratios of Administrative Employees to Teachers

None reported.

None reported.

The following finding represents an instance of noncompliance and/or questioned cost relating to compliance with state laws and regulations. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
40000	State Compliance

Ratios of Administrative Employees to Teachers

2021-001 40000

Criteria of Specific Requirements

In accordance with California *Education Code*, Section 41402, unified school districts are limited to a ratio of eight administrators per 100 teachers.

Condition

Using the ratio noted in the Criteria and Specific Requirements section, the District should be limited to 173.92 administrators. The calculated net administrator is 191.27 In accordance with the definition of those employees to be included or excluded in the calculation under California *Education Code*, Section 41401. This resulted in an excess of 17.35 (rounded to 17) administrators.

Questioned Costs

There are no questioned costs associated with this condition. However, the penalty calculated in accordance with formula set forth in California *Education Code*, Section 41404 is \$337,348.

Context

The condition was identified as a result of our review of the District's ratio calculation of administrators to teachers and the accompanying supporting documents.

Effect

The District's current staffing model resulted in the District being non-compliance with California *Education Code* Section 41402 regarding the ratio of administrators to teachers.

Cause

The cause of the condition is unknown.

Repeat Finding

No.

Recommendation

The District should review its staff model and make appropriate adjustments to ensure compliance with California *Education Code* Section 41042.

Corrective Action Plan and View of Responsible Officials

The District will review the Administrator to Teacher FTE to ensure that the ratio requirements are met.

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