



Financial Statements
June 30, 2023

Coronado Unified School District

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Independent Auditor's Report

Governing Board
Coronado Unified School District
Coronado, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Coronado Unified School District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Coronado Unified School District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. There was no impact on the beginning net position or fund balance with respect to this matter. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

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

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Rancho Cucamonga, California
December 15, 2023

This section of Coronado Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2023, with comparative information for the year ending June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the Coronado 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. These statements include all assets of the District (including capital assets, right-to-use leased assets, and right-to-use subscription IT assets), deferred outflows of resources, as well as all liabilities (including long-term liabilities), and deferred inflows of resources. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

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

The Fund Financial Statements include statements for the two categories of activities: governmental and proprietary.

- 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.

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 Coronado 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 of resources, 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, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District 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 present the District activities as follows:

Governmental Activities - The District's services are reported in governmental activities. 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.

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

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 and the California 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 the governmental fund financial statements.

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 Change in Fund Net Position. In fact, the District's enterprise funds are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

- Total combined net position was \$55,052,020 at June 30, 2023. This was an increase of \$894,589 from the prior year's net position.
- Overall revenues were \$57,693,261 which exceeded overall expenses of \$56,798,672.

THE DISTRICT AS A WHOLE

Net Position

The District's net position of governmental activities was \$55,432,652 for the fiscal year ended June 30, 2023. Of this amount, \$(28,771,938) 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 School 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 – Net Position) and change in net position (Table 2 – Changes in Net Position) of the District's governmental and business-type activities.

Table 1

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 34,769,569	\$ 36,245,848	\$ 39,677	\$ 46,220	\$ 34,809,246	\$ 36,292,068
Capital assets, right-to-use leased assets, and right-to-use subscription IT assets	83,048,684	84,967,679	-	-	83,048,684	84,967,679
Total assets	<u>117,818,253</u>	<u>121,213,527</u>	<u>39,677</u>	<u>46,220</u>	<u>117,857,930</u>	<u>121,259,747</u>
Deferred outflows of resources	11,550,765	8,571,389	106,003	69,627	11,656,768	8,641,016
Liabilities						
Current liabilities	2,861,780	2,751,464	4,530	3,654	2,866,310	2,755,118
Long-term liabilities	61,428,310	49,613,525	488,174	134,744	61,916,484	49,748,269
Total liabilities	<u>64,290,090</u>	<u>52,364,989</u>	<u>492,704</u>	<u>138,398</u>	<u>64,782,794</u>	<u>52,503,387</u>
Deferred inflows of resources	9,646,276	23,175,837	33,608	64,108	9,679,884	23,239,945
Net Position						
Net investment in capital assets	63,798,650	66,159,168	-	-	63,798,650	66,159,168
Restricted	20,405,940	16,922,473	-	-	20,405,940	16,922,473
Unrestricted (deficit)	<u>(28,771,938)</u>	<u>(28,837,551)</u>	<u>(380,632)</u>	<u>(86,659)</u>	<u>(29,152,570)</u>	<u>(28,924,210)</u>
Total net position (deficit)	<u>\$ 55,432,652</u>	<u>\$ 54,244,090</u>	<u>\$ (380,632)</u>	<u>\$ (86,659)</u>	<u>\$ 55,052,020</u>	<u>\$ 54,157,431</u>

The \$(28,771,938) in unrestricted net position (deficit) of governmental activities represents the accumulated results of all past years' 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 pages 15 and 16. 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		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues						
Charges for services and sales	\$ 285,500	\$ 261,104	\$ 144,328	\$ 311,753	\$ 429,828	\$ 572,857
Operating grants and contributions	13,334,650	10,368,518	6,750	125	13,341,400	10,368,643
General revenues						
Federal and State aid not restricted	19,988,377	18,156,948	-	-	19,988,377	18,156,948
Property taxes	18,974,945	16,810,689	-	-	18,974,945	16,810,689
Other general revenues	4,953,620	3,470,939	5,091	(4,414)	4,958,711	3,466,525
Total revenues	<u>57,537,092</u>	<u>49,068,198</u>	<u>156,169</u>	<u>307,464</u>	<u>57,693,261</u>	<u>49,375,662</u>
Expenses						
Instruction-related	34,231,092	29,860,171	-	-	34,231,092	29,860,171
Pupil services	5,929,261	4,311,529	-	-	5,929,261	4,311,529
Administration	3,102,382	2,875,093	-	-	3,102,382	2,875,093
Plant services	6,839,250	5,451,131	-	-	6,839,250	5,451,131
All other services	6,246,545	6,174,808	450,142	242,223	6,696,687	6,417,031
Total expenses	<u>56,348,530</u>	<u>48,672,732</u>	<u>450,142</u>	<u>242,223</u>	<u>56,798,672</u>	<u>48,914,955</u>
Change in net position	<u>\$ 1,188,562</u>	<u>\$ 395,466</u>	<u>\$ (293,973)</u>	<u>\$ 65,241</u>	<u>\$ 894,589</u>	<u>\$ 460,707</u>

Governmental Activities

As reported in the Statement of Activities on pages 15 and 16, the cost of all of our governmental activities this year was \$56,348,530. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$18,974,945 because the cost was paid by those who benefited from the programs (\$285,500) or by other governments and organizations who subsidized certain programs with grants and contributions (\$13,334,650). We paid for the remaining "public benefit" portion of our governmental activities with \$24,941,997 in Federal and State funds, and with 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-related, 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	
	2023	2022	2023	2022
Instruction-related	\$ 34,231,092	\$ 29,860,171	\$ (25,599,314)	\$ (22,991,827)
Pupil services	5,929,261	4,311,529	(3,307,287)	(2,207,924)
Administration	3,102,382	2,875,093	(3,067,035)	(2,688,669)
Plant services	6,839,250	5,451,131	(6,351,932)	(4,898,015)
All other services	6,246,545	6,174,808	(4,402,812)	(5,256,675)
Total	\$ 56,348,530	\$ 48,672,732	\$ (42,728,380)	\$ (38,043,110)

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$28,586,286, a decrease of \$981,263 over prior year.

Table 4

Governmental Fund	Balances and Activity			
	July 01, 2022	Revenues and other financing sources	Expenditures and other financing uses	June 30, 2023
General Fund	\$ 9,046,507	\$ 51,015,316	\$ 50,036,153	\$ 10,025,670
Special Reserve Fund for Capital Outlay Projects	11,748,645	2,964,207	3,113,570	11,599,282
Capital Project Fund for Blended Component Units	4,786,667	1,033,029	3,124,859	2,694,837
Student Activity Fund	160,084	644,098	658,731	145,451
Adult Education Fund	144,033	274,249	331,803	86,479
Child Development Fund	101,099	732,996	620,400	213,695
Cafeteria Fund	1,021,106	1,866,716	1,641,327	1,246,495
Deferred Maintenance Fund	624,283	12,252	400,000	236,535
Foundation Special Reserve Fund	194,979	801,638	982,200	14,417
Capital Facilities Fund	150,214	675,751	550,720	275,245
Bond Interest and Redemption Fund	1,293,576	1,496,476	1,040,406	1,749,646
Foundation Permanent Fund	296,356	5,914	3,736	298,534
Total	\$ 29,567,549	\$ 61,522,642	\$ 62,503,905	\$ 28,586,286

The primary reasons for these increases/decreases are:

1. Our General Fund is our principal operating fund. The fund balance in the General Fund increased \$1 million to \$9 million. This increase is attributed to the receipt of one-time monies to be spent in support of Arts, Music, Instructional Materials and Discretionary expenses. The funds were apportioned at the end of the 2022-2023 fiscal year are required to be spent prior to June 30, 2026.
2. The Capital Project Fund for Blended Component Units, referred locally as the “Facilities for Facilities” Fund decreased by \$2.1 million to \$2.7 million. These funds were used to support capital project, deferred maintenance, and capital project acquisition activities.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 22, 2023. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 67).

CAPITAL ASSETS, RIGHT-TO-USE LEASED ASSETS, RIGHT-TO-USE SUBSCRIPTION IT ASSETS, AND LONG-TERM LIABILITIES

Capital Assets, Right-to-Use Leased Assets, and Right-to-Use Subscription IT Assets

At June 30, 2023, the District had \$83,048,684 in a broad range of capital assets, right-to-use leased assets, and right-to-use subscription IT assets (net of depreciation and amortization), including land and construction in process, buildings and improvements, equipment, right-to-use leased assets, and right-to-use subscription IT assets. This amount represents a net decrease (including additions, deductions, and depreciation) of \$1,918,995.

Table 5

	Governmental Activities	
	2023	2022
Land and construction in progress	\$ 532,869	\$ 532,869
Buildings and improvements	80,631,219	83,322,053
Equipment	1,779,243	1,112,757
Right-to-use leased assets	9,457	-
Right-to-use subscription IT assets	95,896	-
Total	\$ 83,048,684	\$ 84,967,679

This year's additions included \$2 million in additions to site and building improvements, and classroom equipment. The District issued non-voter approved debt in June 2020 to fund these additions.

We present more detailed information about our capital assets, right-to-use leased assets, and right-to-use subscription IT assets in Note 5 to the financial statements.

Long-Term Liabilities other than OPEB and Pension

At the end of this year, the District had \$21,471,777 in long-term liabilities other than OPEB and Pension outstanding versus \$23,189,704 last year. Those obligations consisted of:

Table 6

	Governmental Activities	
	2023	2022
Long-Term Liabilities		
General obligation bonds	\$ 4,662,194	\$ 5,637,625
Certificates of participation	5,845,000	6,210,000
Premium on issuance	156,852	170,296
Lease purchase agreement	10,573,114	11,060,374
Leases	9,524	-
Compensated absences	225,093	111,409
	\$ 21,471,777	\$ 23,189,704

The District's general obligation bond rating continues to be "AA." The State limits the amount of general obligation debt that districts can issue to five percent of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation bond debt is significantly below this statutorily-imposed limit. Other obligations include certificates of participation, a lease purchase agreement, leases, and compensated absences.

We present more detailed information regarding our long-term liabilities in Note 10 of the financial statements.

OPEB and Pension Liabilities

At year-end, the District had a total OPEB liability of \$5,554,427 versus \$5,345,523 last year, an increase of \$208,904, or 3.91%.

At year-end, the District has an aggregate net pension liability of \$34,402,106 in the governmental activities and \$488,174 in the business-type activities versus \$21,078,298 and \$134,744 in the previous year. This represents a change of \$13,323,808, or increase of 63.21%, and a change of \$353,430, or an increase of 262.29%, respectively.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health.

The impacts of the COVID-19 pandemic are still being felt, namely through student attendance, a key driver in State funding through the Local Control Funding Formula (LCFF). While schools have reopened post-pandemic, student attendance continues to falter as students and staff adapt to a new normal where learning management systems like Canvas provide opportunities to stay engaged even while away. As a result, the district is experiencing average-daily-attendance (ADA) yields much lower than historical norms. Because of lower enrollment and ADA yields, the revenue increases from higher cost-of-living adjustments (CoLA) are being all but wiped out. Staff will continue to keep a watchful eye on attendance and will be thoughtful in its acceptance of inter-district transfers to stabilize enrollment.

The District participates in state employee pensions plans, PERS and STRS, and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2023. The amount of the liability is material to the financial position of the District. To address the underfunding issues, the pension plans continue to raise employer rates in future years and the increased costs are significant.

All of these factors were considered in preparing the District's budget for the 2023-2024 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Deputy Superintendent, at Coronado Unified School District, 201 Sixth Street, Coronado, California.

Coronado Unified School District
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-Type Activities	Total	Coronado Schools Foundation
Assets				
Deposits and investments	\$ 24,439,712	\$ 77,079	\$ 24,516,791	\$ 8,966,172
Restricted assets - pension trust	2,985,735	-	2,985,735	-
Receivables	3,895,610	11,410	3,907,020	51,833
Internal balances	48,812	(48,812)	-	-
Prepaid expense	-	-	-	50,588
Stores inventories	20,135	-	20,135	-
Lease receivables	3,379,565	-	3,379,565	-
Capital assets not depreciated	532,869	-	532,869	-
Capital assets, net of accumulated depreciation	82,410,462	-	82,410,462	9,997
Right-to-use leased assets, net of accumulated amortization	9,457	-	9,457	-
Right-to-use subscription IT assets, net of accumulated amortization	95,896	-	95,896	-
Total assets	<u>117,818,253</u>	<u>39,677</u>	<u>117,857,930</u>	<u>9,078,590</u>
Deferred Outflows of Resources				
Deferred outflows of resources related to OPEB	565,541	-	565,541	-
Deferred outflows of resources related to pensions	10,985,224	106,003	11,091,227	-
Total deferred outflows of resources	<u>11,550,765</u>	<u>106,003</u>	<u>11,656,768</u>	<u>-</u>
Liabilities				
Accounts payable	2,508,272	4,530	2,512,802	36,246
Interest payable	58,062	-	58,062	-
Unearned revenue	295,446	-	295,446	25,000
Scholarships and grants due	-	-	-	274,720
Long-term liabilities				
Long-term liabilities other than OPEB and pensions due within one year	1,925,333	-	1,925,333	-
Long-term liabilities other than OPEB and pensions due in more than one year	19,546,444	-	19,546,444	-
Other postemployment benefits (OPEB) liability	5,554,427	-	5,554,427	-
Aggregate net pension liability	34,402,106	488,174	34,890,280	-
Total liabilities	<u>64,290,090</u>	<u>492,704</u>	<u>64,782,794</u>	<u>335,966</u>
Deferred Inflows of Resources				
Deferred charge on refunding	241,943	-	241,943	-
Deferred inflows of resources related to OPEB	2,034,412	-	2,034,412	-
Deferred inflows of resources related to pensions	3,990,356	33,608	4,023,964	-
Deferred inflows of resources related to leases	3,379,565	-	3,379,565	-
Total deferred inflows of resources	<u>9,646,276</u>	<u>33,608</u>	<u>9,679,884</u>	<u>-</u>
Net Position				
Net investment in capital assets	63,798,650	-	63,798,650	-
Restricted for				
Debt service	1,691,584	-	1,691,584	-
Capital projects	9,732,090	-	9,732,090	-
Educational programs	4,183,458	-	4,183,458	-
Pension trust	2,985,735	-	2,985,735	-
Other activities	1,813,073	-	1,813,073	2,726,656
Permanent endowment	-	-	-	286,329
Unrestricted (deficit)	(28,771,938)	(380,632)	(29,152,570)	5,729,639
Total net position (deficit)	<u>\$ 55,432,652</u>	<u>\$ (380,632)</u>	<u>\$ 55,052,020</u>	<u>\$ 8,742,624</u>

Coronado Unified School District
Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position			Coronado Schools Foundation
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Governmental Activities							
Instruction	\$ 29,032,198	\$ 49,180	\$ 7,002,855	\$ (21,980,163)	\$ -	\$ (21,980,163)	\$ -
Instruction-related activities							
Supervision of instruction	607,807	-	125,378	(482,429)	-	(482,429)	-
Instructional library, media, and technology	1,110,447	-	865,366	(245,081)	-	(245,081)	-
School site administration	3,480,640	8,376	580,623	(2,891,641)	-	(2,891,641)	-
Pupil services							
Home-to-school transportation	836,317	-	-	(836,317)	-	(836,317)	-
Food services	1,564,954	89,794	2,154,654	679,494	-	679,494	-
All other pupil services	3,527,990	3,544	373,982	(3,150,464)	-	(3,150,464)	-
Administration							
All other administration	3,102,382	547	34,800	(3,067,035)	-	(3,067,035)	-
Plant services	6,839,250	37,762	449,556	(6,351,932)	-	(6,351,932)	-
Ancillary services	1,211,532	-	645,206	(566,326)	-	(566,326)	-
Community services	838,417	15,942	182,078	(640,397)	-	(640,397)	-
Enterprise services	(1,159)	-	2,407	3,566	-	3,566	-
Interest on long-term liabilities	446,993	-	-	(446,993)	-	(446,993)	-
Other outgo	(2,370)	80,355	917,745	1,000,470	-	1,000,470	-
Depreciation and amortization (unallocated)	3,753,132	-	-	(3,753,132)	-	(3,753,132)	-
Total governmental activities	<u>56,348,530</u>	<u>285,500</u>	<u>13,334,650</u>	<u>(42,728,380)</u>	<u>-</u>	<u>(42,728,380)</u>	<u>-</u>
Business-Type Activities							
Enterprise services	450,142	144,328	6,750	-	(299,064)	(299,064)	-
Total School District	<u>\$ 56,798,672</u>	<u>\$ 429,828</u>	<u>\$ 13,341,400</u>	<u>(42,728,380)</u>	<u>(299,064)</u>	<u>(43,027,444)</u>	<u>-</u>
Discretely Presented Component Unit							
Program services	\$ 1,093,385	\$ -	\$ -	-	-	-	(1,093,385)
Management and general	110,431	-	-	-	-	-	(110,431)
Fundraising	355,882	-	-	-	-	-	(355,882)
Total	<u>\$ 1,559,698</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,559,698)</u>

Coronado Unified School District
Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position			Coronado School Foundation
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total	
General Revenues and Subventions							
Property taxes, levied for general purposes				\$ 14,683,565	\$ -	\$ 14,683,565	\$ -
Property taxes, levied for debt service				1,495,386	-	1,495,386	-
Taxes levied for other specific purposes				2,795,994	-	2,795,994	-
Federal and State aid not restricted to specific purposes				19,988,377	-	19,988,377	-
Interest and investment earnings				549,455	5,091	554,546	1,152,277
Miscellaneous				4,404,165	-	4,404,165	960,306
Subtotal, general revenues and subventions				43,916,942	5,091	43,922,033	2,112,583
Change in Net Position				1,188,562	(293,973)	894,589	552,885
Net Position (deficit) - Beginning				54,244,090	(86,659)	54,157,431	8,189,739
Net Position (deficit) - Ending				\$ 55,432,652	\$ (380,632)	\$ 55,052,020	\$ 8,742,624

Coronado Unified School District
Balance Sheet – Governmental Funds
June 30, 2023

	General Fund	Special Reserve Fund for Capital Outlay Projects	Capital Project Fund for Blended Component Units	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	\$ 6,497,896	\$ 11,409,222	\$ 1,676,253	\$ 4,856,341	\$ 24,439,712
Restricted assets - pension trust	2,985,735	-	-	-	2,985,735
Receivables	2,979,821	57,487	95,391	762,911	3,895,610
Due from other funds	3,726,349	2,796,143	1,200,000	148,886	7,871,378
Stores inventories	-	-	-	20,135	20,135
Lease receivables	2,089,227	-	1,290,338	-	3,379,565
Total assets	\$ 18,279,028	\$ 14,262,852	\$ 4,261,982	\$ 5,788,273	\$ 42,592,135
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 2,147,146	\$ -	\$ 276,760	\$ 84,366	\$ 2,508,272
Due to other funds	3,800,109	2,663,570	47	1,358,840	7,822,566
Unearned revenue	216,876	-	-	78,570	295,446
Total liabilities	6,164,131	2,663,570	276,807	1,521,776	10,626,284
Deferred Inflows of Resources					
Deferred inflows of resources related to leases	2,089,227	-	1,290,338	-	3,379,565
Fund Balances					
Nonspendable	10,000	-	-	20,735	30,735
Restricted	7,169,193	9,456,845	2,238,593	3,837,964	22,702,595
Assigned	-	2,142,437	456,244	407,798	3,006,479
Unassigned	2,846,477	-	-	-	2,846,477
Total fund balances	10,025,670	11,599,282	2,694,837	4,266,497	28,586,286
Total liabilities, deferred inflows of resources, and fund balances	\$ 18,279,028	\$ 14,262,852	\$ 4,261,982	\$ 5,788,273	\$ 42,592,135

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

Total Fund Balance - Governmental Funds		\$ 28,586,286
<p>Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.</p>		
The cost of capital assets is	\$ 155,268,270	
Accumulated depreciation is	<u>(72,324,939)</u>	
Net capital assets		82,943,331
<p>Right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.</p>		
The cost of right-to-use leased assets is	11,821	
Accumulated amortization is	<u>(2,364)</u>	
Net right-to-use leased assets		9,457
<p>Right-to-use subscription IT assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.</p>		
The cost of right-to-use subscription IT assets is	143,844	
Accumulated amortization is	<u>(47,948)</u>	
Net right-to-use subscription IT assets		95,896
<p>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.</p>		
		(58,062)
<p>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</p>		
Other postemployment benefits (OPEB) liability	565,541	
Aggregate net pension liability	<u>10,985,224</u>	
Total deferred outflows of resources		11,550,765
<p>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</p>		
Deferred charge on refunding	(241,943)	
Other postemployment benefits (OPEB) liability	(2,034,412)	
Aggregate net pension liability	<u>(3,990,356)</u>	
Total deferred inflows of resources		(6,266,711)

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

Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		\$ (34,402,106)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(5,554,427)
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	\$ (4,662,194)	
Certificates of participation	(5,845,000)	
Unamortized premium on certificates of participation	(156,852)	
Finance purchase agreement	(10,573,114)	
Leases	(9,524)	
Compensated absences (vacations)	<u>(225,093)</u>	
Total long-term liabilities		<u>(21,471,777)</u>
Total net position - governmental activities		<u><u>\$ 55,432,652</u></u>

Coronado Unified School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2023

	General Fund	Special Reserve Fund for Capital Outlay Projects	Capital Project Fund for Blended Component Units	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula	\$ 30,899,013	\$ -	\$ -	\$ -	\$ 30,899,013
Federal sources	5,667,117	-	-	577,232	6,244,349
Other State sources	7,295,435	-	-	2,181,134	9,476,569
Other local sources	4,478,360	2,964,207	1,033,029	3,301,724	11,777,320
Total revenues	<u>48,339,925</u>	<u>2,964,207</u>	<u>1,033,029</u>	<u>6,060,090</u>	<u>58,397,251</u>
Expenditures					
Current					
Instruction	30,827,203	-	-	531,541	31,358,744
Instruction-related activities					
Supervision of instruction	501,824	-	-	151,454	653,278
Instructional library, media, and technology	1,141,334	-	-	-	1,141,334
School site administration	3,526,282	-	-	210,554	3,736,836
Pupil services					
Home-to-school transportation	846,217	-	-	-	846,217
Food services	11,592	-	-	1,586,893	1,598,485
All other pupil services	3,762,861	-	-	-	3,762,861
Administration					
All other administration	3,185,205	-	-	39,977	3,225,182
Plant services	5,420,378	-	1,114,250	377,273	6,911,901
Ancillary services	584,143	-	-	658,731	1,242,874
Community services	218,489	-	-	635,991	854,480
Other outgo	(2,370)	-	-	-	(2,370)
Enterprise services	8,128	-	-	-	8,128
Facility acquisition and construction	2,331	-	1,229,697	454,434	1,686,462
Debt service					
Principal	2,297	-	487,260	1,340,431	1,829,988
Interest and other	239	-	293,652	242,044	535,935
Total expenditures	<u>50,036,153</u>	<u>-</u>	<u>3,124,859</u>	<u>6,229,323</u>	<u>59,390,335</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,696,228)</u>	<u>2,964,207</u>	<u>(2,091,830)</u>	<u>(169,233)</u>	<u>(993,084)</u>
Other Financing Sources (Uses)					
Transfers in	2,663,570	-	-	450,000	3,113,570
Other sources - leases	11,821	-	-	-	11,821
Transfers out	-	(3,113,570)	-	-	(3,113,570)
Net Financing Sources (Uses)	<u>2,675,391</u>	<u>(3,113,570)</u>	<u>-</u>	<u>450,000</u>	<u>11,821</u>
Net Change in Fund Balances	979,163	(149,363)	(2,091,830)	280,767	(981,263)
Fund Balance - Beginning	<u>9,046,507</u>	<u>11,748,645</u>	<u>4,786,667</u>	<u>3,985,730</u>	<u>29,567,549</u>
Fund Balance - Ending	<u>\$ 10,025,670</u>	<u>\$ 11,599,282</u>	<u>\$ 2,694,837</u>	<u>\$ 4,266,497</u>	<u>\$ 28,586,286</u>

Coronado Unified School District

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

Total Net Change in Fund Balances - Governmental Funds \$ (981,263)

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

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

Depreciation and amortization expense	\$ (3,803,444)
Capital outlay	<u>1,884,449</u>

Net expense adjustment (1,918,995)

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

(11,821)

In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) 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 amount is the difference between vacation earned and used.

(113,684)

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 aggregate net pension liability during the year.

2,294,461

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.

934

Governmental funds report the effect of premiums, discounts, and the deferred amount on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.

Premium amortization	13,444
Deferred amount on refunding amortization	70,813

Coronado Unified School District

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

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	\$ 975,431
Certificates of participation	365,000
Finance purchase agreement	487,260
Leases	2,297

Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.

4,685

Change in net position of governmental activities

\$ 1,188,562

Coronado Unified School District
Statement of Net Position – Proprietary Funds
June 30, 2023

	Business-Type Activities -
	Enterprise Fund
	Preschool
	Enterprise Fund
Assets	
Current assets	
Deposits and investments	\$ 77,079
Receivables	11,410
Due from other funds	261,898
Total current assets	350,387
Deferred Outflows of Resources	
Deferred outflows of resources related to pensions	106,003
Liabilities	
Current liabilities	
Accounts payable	4,530
Due to other funds	310,710
Total current liabilities	315,240
Noncurrent liabilities	
Net pension liability	488,174
Deferred Inflows of Resources	
Deferred inflows of resources related to pensions	33,608
Net Position	
Unrestricted (deficit)	\$ (380,632)

Coronado Unified School District
Statement of Revenues, Expenses, and Change in Fund Net Position – Proprietary Funds
Year Ended June 30, 2023

	Business-Type Activities - <u>Enterprise Fund</u> Preschool <u>Enterprise Fund</u>
Operating Revenues	
Child care fees	<u>\$ 144,328</u>
Operating Expenses	
Payroll costs	<u>450,142</u>
Operating Loss	<u>(305,814)</u>
Nonoperating Revenues	
State and local grants	6,750
Net change in FMV of investments	2,598
Interest income	<u>2,493</u>
Total nonoperating revenues	<u>11,841</u>
Change in Net Position	(293,973)
Total Net Position (Deficit) - Beginning	<u>(86,659)</u>
Total Net Position (Deficit) - Ending	<u><u>\$ (380,632)</u></u>

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

	Business-Type Activities - Enterprise Fund
	Preschool Enterprise Fund
Operating Activities	
Cash receipts from customers	\$ 152,437
Cash payments for interfund services provided	(194,806)
Cash payments to employees for services	(116,384)
Cash payments to other suppliers of goods or services	876
	(157,877)
Net Cash Used for Operating Activities	
Noncapital Financing Activities	
Nonoperating grants received	6,750
	6,750
Investing Activities	
Interest on investments	2,493
Change in FMV of investments	2,598
	5,091
Net Cash Provided by Investing Activities	
Net Change in Cash and Cash Equivalents	(146,036)
Cash and Cash Equivalents, Beginning	223,115
Cash and Cash Equivalents, Ending	\$ 77,079
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating loss	\$ (305,814)
Changes in assets and liabilities	
Receivables	8,109
Due from other fund	(194,806)
Deferred outflows of resources	(36,376)
Accounts payable	876
Due to other fund	47,204
Deferred inflow of resources	(30,500)
Net pension liability	353,430
	353,430
Net Cash Used for Operating Activities	\$ (157,877)

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Coronado Unified School District (the District) was organized on June 20, 1913, 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 two elementary schools, one middle school, one high school, one preschool program, and an adult education program.

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 Coronado 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. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component unit described below has 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 unit, although a legally separate tax-exempt entity, is reported in the financial statements using the discrete presentation method as the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the District; the District is entitled to, or has the ability to otherwise access a majority of the economic resources received or held by the separate organization; and the economic resources received from or held by an individual organization are significant to the District.

The District has one component unit based on the criteria above: the Coronado School Foundation (the Foundation). The Foundation, a California non-profit public benefit corporation that raises funds for the benefit of the District is reported as a discretely presented component unit in the District's audited financial statements.

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

One fund currently defined as special revenue fund in the California State Accounting Manual (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund function effectively as an extension of the General Fund, and accordingly has been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance, of \$4,293,848.

Special Reserve Fund for Capital Outlay Projects The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

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

Non-Major Governmental Funds

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

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

- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.
- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).
- **Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).
- **Foundation Special Reserve Fund** The Foundation Special Reserve Fund is used to account for resources received from gifts or bequests pursuant to *Education Code* Section 41031 under which both earnings and principal may be used for purposes that support the District's own programs and where there is a formal trust agreement with the donor.

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).

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

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

Permanent Funds The Permanent Funds were introduced as part of the governmental financial reporting model established by GASB Statement No. 34 to account for permanent foundations that benefit a district.

- **Foundation Permanent Fund** The Foundation Permanent Fund is used to account for resources received from gifts or bequests pursuant to *Education Code* Section 41031 that are restricted to the extent that earnings, but not principal, may be used for purposes that support the District's own programs and where there is a formal trust agreement with the donor.

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

- **Preschool Enterprise Fund** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The only enterprise fund of the District accounts for the fee-based preschool program of the District.

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

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

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

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

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose 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 government-wide statements.

Cash and Cash Equivalents

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

Investments

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

Restricted Assets - Pension Trust

The District has established an irrevocable trust with Public Agency Retirement Services (PARS) for the express purpose of accumulating resources to pay future CalPERS and CalSTRS employer contributions. As of June 30, 2023, the balance of the trust was \$2,985,735.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the weighted average basis. The costs of inventory items are recorded as expenditures in the governmental-type funds when consumed rather than when purchased.

Capital Assets, Depreciation, and Amortization

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

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide 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.

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, 20 to 50 years; equipment, 5 to 20 years.

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

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

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

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Compensated Absences

Compensated absences are accrued as a liability on the government-wide statement of net position as the benefits are earned. For governmental funds, unpaid compensation absences are recognized as a fund liability only 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 recorded 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 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 fund financial statements only to the extent that they are due for payment during the current year. Bonds, certificates of participation, and leases, and other long-term liabilities are recognized as liabilities in the governmental fund financial statements when due.

Debt Issuance Costs, Premiums, and Discounts

In the government-wide financial statements and in the proprietary fund type financial statements, long-term obligations 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 the fund financial statements, governmental funds recognize bond premiums and discounts as other financing sources and uses, respectively, and bond issuance costs and costs of refunding as debt service expenditures. Issuance costs, and costs of refunding, whether or not withheld from the actual debt proceeds received, 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 amounts on refunding of debt, for pension related items, for OPEB related items, and for leases.

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP recognizes benefit payments when

due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Leases

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

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

Fund Balances - Governmental Funds

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

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

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

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

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the 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 one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three 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 \$20,405,940 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 for the preschool program. 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

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. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

Estimates

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

Property Tax

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

Change in Accounting Principles

Implementation of GASB Statement No. 96

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

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental funds	\$ 24,439,712
Business-type activities	77,079
Component unit - Coronado Schools Foundation	<u>8,966,172</u>
Total deposits and investments	<u><u>\$ 33,482,963</u></u>

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

Cash on hand and in banks	\$ 929,758
Cash in revolving	10,600
Investments	<u>32,542,605</u>
Total deposits and investments	<u><u>\$ 33,482,963</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.

The Coronado Schools Foundation may invest pursuant to Corporations Code Section 5240 and in accordance with their bylaws.

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

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by primarily investing in the San Diego County Treasury Investment Pool. The District maintains an investment of \$23,994,415 with San Diego County Treasury Investment Pool that has an average weighted maturity of 438 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the San Diego County Treasury Investment Pool is not required to be rated, nor has it been rated as of June 30, 2023.

Coronado Schools Foundation Investments

Investments are reported at fair value and consist of the following at June 30, 2023:

	Cost	Fair Value
Stock Mutual Funds	\$ 3,426,433	\$ 5,938,788
U.S. Treasury Bills	1,755,102	1,765,407
Bond Mutual Funds	910,209	843,995
Total	\$ 6,091,744	\$ 8,548,190

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2023, the District's bank balance of \$485,584 that 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, 2023:

Investment Type	Reported Amount	Fair Value Measurements Using	
		Level 1 Inputs	Level 2 Inputs
Stock Mutual Funds*	\$ 5,938,788	\$ 5,938,788	\$ -
U.S. Treasury Bills*	1,765,407	-	1,765,407
Bond Mutual Funds*	843,995	843,995	-
Total	<u>\$ 8,548,190</u>	<u>\$ 6,782,783</u>	<u>\$ 1,765,407</u>

* Investments held by the component unit – Coronado Schools Foundation

As of June 30, 2023, the District's investments of \$23,994,415 in the San Diego County Investment Pool are uncategorized.

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

Note 4 - Receivables

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

	General Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Non-Major Governmental Funds	Total	Preschool Enterprise Fund
Federal Government						
Categorical aid	\$ 1,072,084	\$ -	\$ -	\$ 65,233	\$ 1,137,317	\$ -
State Government						
LCFF apportionment	126,709	-	-	-	126,709	-
Categorical aid	1,174,862	-	-	281,097	1,455,959	-
Lottery	169,856	-	-	-	169,856	-
Local Government						
Interest	96,244	57,487	15,727	23,188	192,646	-
Other local sources	340,066	-	79,664	393,393	813,123	11,410
Total	\$ 2,979,821	\$ 57,487	\$ 95,391	\$ 762,911	\$ 3,895,610	\$ 11,410

Note 5 - Capital Assets, Right-to-Use Leased Assets, and Right-to-Use Subscription IT Assets

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

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 532,869	\$ -	\$ -	\$ 532,869
Capital assets being depreciated				
Land improvements	20,555,180	15,997	-	20,571,177
Buildings and improvements	127,341,380	819,637	-	128,161,017
Furniture and equipment	5,110,057	893,150	-	6,003,207
Total capital assets being depreciated	153,006,617	1,728,784	-	154,735,401
Total capital assets	153,539,486	1,728,784	-	155,268,270
Accumulated depreciation				
Land improvements	(15,658,527)	(685,440)	-	(16,343,967)
Buildings and improvements	(48,915,980)	(2,841,028)	-	(51,757,008)
Furniture and equipment	(3,997,300)	(226,664)	-	(4,223,964)
Total accumulated depreciation	(68,571,807)	(3,753,132)	-	(72,324,939)
Net depreciable capital assets	84,434,810	(2,024,348)	-	82,410,462
Right-to-use leased assets being amortized				
Furniture and equipment	-	11,821	-	11,821
Accumulated amortization				
Furniture and equipment	-	(2,364)	-	(2,364)
Net right-to-use leased assets	-	9,457	-	9,457
Right-to-use subscription IT assets being amortized				
Right-to-use subscription IT assets	-	143,844	-	143,844
Accumulated amortization	-	(47,948)	-	(47,948)
Net right-to-use subscription IT assets	-	95,896	-	95,896
Governmental activities capital assets, right-to-use leased assets, and right-to-use capital assets, net	\$ 84,967,679	\$ (1,918,995)	\$ -	\$ 83,048,684

Depreciation expense was charged as unallocated on the Statement of Activities.

Amortization expense was charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instruction	\$ 49,422
All other administration	890
	\$ 50,312
Total amortization expense governmental activities	\$ 50,312

Note 6 - Lease Receivables

The District has entered into lease agreements with various lessees. The lease receivables are summarized below:

Lease Receivables	July 1, 2022	Addition	Deletion	June 30, 2023
Cell Tower - Sprint	\$ 1,274,700	\$ 6,880	\$ (13,381)	\$ 1,268,199
Cell Tower - Verizon	842,948	3,492	(25,412)	821,028
Early Childhood Development Center	1,871,934	6,833	(588,429)	1,290,338
Total	\$ 3,989,582	\$ 17,205	\$ (627,222)	\$ 3,379,565

Cell Tower - Sprint

The District leases a portion of its facilities for cellular tower antenna sites. The lease is for a term of five years and may be renewed for five successive renewal term of five years each, with a final expiration date of July 1, 2051. The District believes the lessee will exercise the renewal option with reasonable certainty. The agreement allows for a 2.00% CPI increase annually on the anniversary of the revised rent date. At termination, lessees must remove all equipment and restore the site to its original state. During the fiscal year, the District recognized \$13,381 in lease revenue and \$38,027 in interest revenue related to this agreement. At June 30, 2023, the District recorded \$1,268,199 in lease receivables and deferred inflows of resources for this arrangement. The District used an interest rate of 3.00%, based on the rates available to finance real estate or machinery and equipment over the same time periods.

Cell Tower - Verizon

The District leases a portion of its facilities for cellular tower antenna sites. The lease is for a term of five years and may be renewed for four successive renewal term of five years each, with a final expiration date of May 31, 2037. The District believes the lessee will exercise the renewal option with reasonable certainty. The agreement allows for a 5.00% CPI increase annually on the anniversary of the revised rent date. At termination, lessees must remove all equipment and restore the site to its original state. During the fiscal year, the District recognized \$25,412 in lease revenue and \$24,948 in interest revenue related to this agreement. At June 30, 2023, the District recorded \$821,028 in lease receivables and deferred inflows of resources for this arrangement. The District used an interest rate of 3.00%, based on the rates available to finance real estate or machinery and equipment over the same time periods.

Early Childhood Development Center

The District entered an agreement with Department of Navy to lease the Early Childhood Development Center for a term of one year and may be renewed for four additional one-year option terms. The agreement allows for 3.00% annual increases to the lease payments and either party may terminate the agreement upon providing written notice within an agreed upon number of days. The District is reasonably certain that the lessee will not exercise the termination option. During the fiscal year, the District recognized \$588,429 in lease revenue and \$48,111 in interest revenue related to the agreement. At June 30, 2023, the District recorded \$1,290,338 in lease receivable and deferred inflow of resources for this arrangement. The District used an interest rate of 3.00% based on the rates available to finance real estate or machinery and equipment over the same time periods.

Note 7 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

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

Due To	Due From					Total
	General Fund	Special Reserve Fund for Capital Outlay Projects	Capital Project Fund for Blended Component Units	Non-Major Governmental Funds	Preschool Enterprise Fund	
General Fund	\$ -	\$ 2,663,570	\$ 47	\$ 799,514	\$ 263,218	\$ 3,726,349
Special Reserve Fund for Capital Outlay Projects	2,796,143	-	-	-	-	2,796,143
Capital Project Fund for Blended Component Units	800,000	-	-	400,000	-	1,200,000
Non-Major Governmental Funds	63,812	-	-	37,582	47,420	148,814
Preschool Enterprise Fund	140,154	-	-	121,744	-	261,898
Total	<u>\$ 3,800,109</u>	<u>\$ 2,663,570</u>	<u>\$ 47</u>	<u>\$ 1,358,840</u>	<u>\$ 310,638</u>	<u>\$ 8,133,204</u>

The balance of \$2,796,143 due to the Special Reserve Fund for Capital Outlay Projects from the General Fund resulted from redevelopment agency funds.

A balance of \$800,000 due to the Capital Project Fund for Blended Component Unit from the General Fund resulted from operational support of maintenance project costs.

The balance of \$140,154 due to the Preschool Enterprise Fund from the General Fund is for reimbursement of program costs.

The balance of \$2,663,570 due to the General Fund from the Special Reserve Fund for Capital Outlay Projects resulted from operational support of maintenance project cost

A balance of \$400,000 due to the Capital Project Fund for Blended Component Units from the Deferred Maintenance Non-Major Governmental Fund is for reimbursement of project costs.

The balance of \$121,744 due to the Preschool Enterprise Fund from the Child Development Non-Major Governmental Fund is for reimbursement of program costs.

The balance of \$263,218 due to the General Fund from the Preschool Enterprise Fund is for reimbursement of program support costs.

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

Operating Transfers

Interfund transfers for the year ended June 30, 2023, consisted of the following:

The Special Reserve Fund for Capital Outlay Projects transferred to the General Fund for reimbursement of project and maintenance costs.	\$ 2,663,570
The Special Reserve Fund for Capital Outlay Projects transferred to the Capital Facilities Non-Major Governmental Fund for reimbursement of project and maintenance costs.	<u>450,000</u>
Total	<u><u>\$ 3,113,570</u></u>

Note 8 - Accounts Payable

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

	General Fund	Capital Project Fund for Blended Component Units	Non-Major Governmental Funds	Total	Preschool Enterprise Fund
Salaries and benefits	\$ 870,109	\$ -	\$ 48,878	\$ 918,987	\$ 4,410
LCFF apportionment	113,312	-	-	113,312	-
Other vendor payables	1,163,725	276,760	35,488	1,475,973	120
Total	<u>\$ 2,147,146</u>	<u>\$ 276,760</u>	<u>\$ 84,366</u>	<u>\$ 2,508,272</u>	<u>\$ 4,530</u>

Note 9 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	\$ 117,280	\$ 78,570	\$ 195,850
State categorical aid	99,596	-	99,596
	\$ 216,876	\$ 78,570	\$ 295,446

Note 10 - Long-Term Liabilities Other than OPEB and Pension

Summary

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

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 5,637,625	\$ -	\$ (975,431)	\$ 4,662,194	\$ 1,042,861
Certificates of participation	6,210,000	-	(365,000)	5,845,000	380,000
Premium on issuance	170,296	-	(13,444)	156,852	-
Finance purchase agreement	11,060,374	-	(487,260)	10,573,114	500,196
Leases	-	11,821	(2,297)	9,524	2,276
Compensated absences	111,409	113,684	-	225,093	-
	\$ 23,189,704	\$ 125,505	\$ (1,843,432)	\$ 21,471,777	\$ 1,925,333
Total					

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. The Capital Facilities Fund makes payments for the Certificates of Participation. The finance purchase agreement will be paid by the Capital Project Fund for Blended Component Units with lease revenues as disclosed in Note 6. Leases are paid by the General Fund. The compensated absences will be paid by the fund for which the employee worked, which includes the General Fund, Adult Education Fund, and Child Development Fund.

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, 2022	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2023
2/13/12	8/1/2026	2.00 - 5.00%	\$ 12,100,000	\$ 900,000	\$ -	\$ -	\$ (900,000)	\$ -
5/4/22	8/1/2026	1.53%	4,737,625	4,737,625	-	-	(75,431)	4,662,194
				<u>\$ 5,637,625</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (975,431)</u>	<u>\$ 4,662,194</u>

2012 General Obligation Bonds

On February 23, 2012, the District issued \$12,100,000 of 2012 General Obligation Bonds, in serial and term bonds. The bonds have a final maturity to occur on August 1, 2026, with interest rates ranging from 2.00 to 5.00%. At June 30, 2023, the principal balance on the 2012 General Obligation Bonds was paid off.

2022 General Obligation Refunding Bonds (Private Placement)

On May 4, 2022, the District issued \$4,737,625 2022 General Obligation Refunding Bonds. The bonds were issued as private placement bonds. The bonds were issued at an aggregate price of \$4,642,625 (representing the principal amount of \$4,737,625 less cost of issuance of \$95,000). The bonds have a final maturity to occur on August 1, 2026, with interest rate of 1.53%. Proceeds from the bonds will be used to refund certain of the District's outstanding prior bonds and pay the costs of issuing the Refunding Bonds. At June 30, 2023, the principal balance outstanding of the 2022 General Obligation Refunding Bonds was \$4,662,194.

Debt Service Requirements to Maturity

The bonds mature through 2027 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2024	\$ 1,042,861	\$ 63,354	\$ 1,106,215
2025	1,073,812	47,161	1,120,973
2026	1,263,523	29,281	1,292,804
2027	1,281,998	9,807	1,291,805
Total	<u>\$ 4,662,194</u>	<u>\$ 149,603</u>	<u>\$ 4,811,797</u>

Certificates of Participation

On March 5, 2015, the District issued \$8,420,000 Certificates of Participation pursuant to a lease agreement with the Public Property Financing Corporation of California. The proceeds of the certificates were used to refund the District Certificates of Participation (2005 Financing Project) and pay certain costs of issuance of the Certificates. Interest rates on the certificates range from 2.125 to 5.000%. The certificates have a final maturity to occur on November 1, 2035. As of June 30, 2023, the principal balance outstanding was \$5,845,000 and unamortized premium received on issuance of the certificates amounted to \$156,852.

The certificates mature through 2036, as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 380,000	\$ 164,344	\$ 544,344
2025	390,000	152,794	542,794
2026	405,000	142,641	547,641
2027	410,000	133,725	543,725
2028	420,000	122,813	542,813
2029-2033	2,290,000	414,863	2,704,863
2034-2036	1,550,000	73,436	1,623,436
Total	\$ 5,845,000	\$ 1,204,616	\$ 7,049,616

Finance Purchase Agreement

One June 1, 2020, the District entered into a finance purchase agreement with the Public Property Financing Corporation of California to finance the costs of facility construction, equipment, furnishings, repairs and improvements, and technology acquisitions and upgrades for District property. The agreement bears interest of 2.655% with a final maturity to occur on June 1, 2040. As of June 30, 2023, the principal balance remaining was \$10,573,114.

The lease purchase agreement has future lease payments as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 500,196	\$ 280,716	\$ 780,912
2025	513,477	267,436	780,913
2026	527,110	253,803	780,913
2027	541,104	239,808	780,912
2028	555,471	225,442	780,913
2029-2033	3,006,558	898,006	3,904,564
2034-2038	3,427,441	477,122	3,904,563
2039-2040	1,501,757	60,069	1,561,826
Total	\$ 10,573,114	\$ 2,702,402	\$ 13,275,516

Leases

The District has entered into agreements to lease various facilities and equipment. The District's liability on lease agreements is summarized below:

Leases	Leases Outstanding July 1, 2022	Addition	Payments	Leases Outstanding June 30, 2023
Postage Machine - District Office	\$ -	\$ 4,450	\$ (865)	\$ 3,585
Postage Machine - CHS	-	7,371	(1,432)	5,939
Total	<u>\$ -</u>	<u>\$ 11,821</u>	<u>\$ (2,297)</u>	<u>\$ 9,524</u>

Postage Machine – District Office

The District entered an agreement to lease a postage machine for 60 months, beginning July 2022. The lease terminates June 2025. Under the terms of the lease, the District pays a quarterly base fee of \$239. At June 30, 2023, the District has recognized a right-to-use asset of \$3,560 and a lease liability of \$3,585 related to this agreement. During the fiscal year, the District recorded \$890 in amortization expense and \$90 in interest expense for the right to use the postage machine. The District used a discount rate of 3.00%, which was based on a base rate established from the District's own publicly traded debt, which was then adjusted for the specific terms of the lease and the District's credit rating.

Postage Machine – Coronado High School

The District entered an agreement to lease copiers for 60 months, beginning November 2022. The lease terminates October 2027. Under the terms of the lease, the District pays a monthly base fee of \$6,741. At June 30, 2023, the District has recognized a right-to-use asset of \$5,897 and a lease liability of \$5,939 related to this agreement. During the fiscal year, the District recorded \$1,474 in amortization expense and \$149 in interest expense for the right to use the postage machine. The District used a discount rate of 3.00%, which was based on a base rate established from the District's own publicly traded debt, which was then adjusted for the specific terms of the lease and the District's credit rating.

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

Year Ending June 30,	Principal	Interest	Total
2024	\$ 2,276	\$ 261	\$ 2,537
2025	2,344	191	2,535
2026	2,415	120	2,535
2027	2,489	48	2,537
Total	<u>\$ 9,524</u>	<u>\$ 620</u>	<u>\$ 10,144</u>

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2023, amounted to \$225,093.

Note 11 - Net Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2023, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 5,402,439	\$ 565,541	\$ 2,034,412	\$ 25,398
Medicare Premium Payment (MPP) Program	151,988	-	-	(26,332)
Total	<u>\$ 5,554,427</u>	<u>\$ 565,541</u>	<u>\$ 2,034,412</u>	<u>\$ (934)</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 4 of GASB Statement No. 75.

Plan Membership

At June 30, 2022, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	59
Active employees	<u>352</u>
Total	<u><u>411</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 the Plan members and the District are established and may be amended by the District, the Association of Coronado Teachers (ACT), 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, ACT, CSEA, and unrepresented groups. For the measurement period of June 30, 2023, the District paid \$341,733 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of \$5,402,439 was measured as of June 30, 2023, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary increases	3.00% average, including inflation
Discount rate	4.13%
Healthcare cost trend rates	4.50% for 2023

The discount rate is the average, rounded to 5 basis points of the range of 3-20-year municipal bond rate indices: S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-bond General Obligation Index, Fidelity GO AA 20 Year Bond Index.

Mortality rates were based on the most recent rates used by CalPERS and STRS for the pension valuations.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actual experience study for the period July 1, 2021 to June 30, 2022.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2022	<u>\$ 5,167,203</u>
Service cost	334,078
Interest	218,084
Differences between expected and actual experience	40,116
Changes of assumptions	(15,309)
Benefit payments	<u>(341,733)</u>
Net change in total OPEB liability	<u>235,236</u>
Balance, June 30, 2023	<u><u>\$ 5,402,439</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 4.09% in 2021 to 4.13% in 2022.

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 (3.13%)	\$ 5,793,419
Current discount rate (4.13%)	5,402,439
1% increase (5.13%)	5,029,814

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 Rate	Total OPEB Liability
1% decrease (3.50%)	\$ 4,791,941
Current healthcare cost trend rate (4.50%)	5,402,439
1% increase (5.50%)	6,124,653

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$25,398. At June 30, 2023, 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
Differences between expected and actual experience	\$ 111,190	\$ 1,115,524
Changes of assumptions	454,351	918,888
Total	\$ 565,541	\$ 2,034,412

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ (185,034)
2023	(149,195)
2024	(142,587)
2025	(142,587)
2026	(142,582)
Thereafter	(706,886)
Total	\$ (1,468,871)

Medicare Premium Payment (MPP) Program

Plan Description

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

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

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2023, the District reported a liability of \$151,988 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively, was 0.0461 %, and 0.0447%, resulting in a net increase in the proportionate share of 0.0014%.

For the year ended June 30, 2023, the District recognized OPEB expense of \$(26,332).

Actuarial Methods and Assumptions

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

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

For the valuation as of June 30, 2021 CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 209 or an average of 0.14% of the potentially eligible population (148,282).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2022, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

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

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.54%)	\$ 165,697
Current discount rate (3.54%)	151,988
1% increase (4.54%)	140,119

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 139,455
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	151,988
1% increase (5.50% Part A and 6.40% Part B)	166,196

Note 12 - Fund Balances

Fund balances composed of the following elements:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Capital Project Fund for Blended Component Units	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 10,000	\$ -	\$ -	\$ 600	\$ 10,600
Stores inventories	-	-	-	20,135	20,135
Total nonspendable	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>20,735</u>	<u>30,735</u>
Restricted					
Legally restricted programs	4,183,458	-	-	1,813,073	5,996,531
Pension trust	2,985,735	-	-	-	2,985,735
Capital projects	-	9,456,845	2,238,593	275,245	11,970,683
Debt service	-	-	-	1,749,646	1,749,646
Total restricted	<u>7,169,193</u>	<u>9,456,845</u>	<u>2,238,593</u>	<u>3,837,964</u>	<u>22,702,595</u>
Assigned					
Capital projects	-	2,142,437	-	-	2,142,437
Other program balances	-	-	456,244	407,798	864,042
Total assigned	<u>-</u>	<u>2,142,437</u>	<u>456,244</u>	<u>407,798</u>	<u>3,006,479</u>
Unassigned					
Reserve for economic uncertainties	1,538,365	-	-	-	1,538,365
Remaining unassigned	1,308,112	-	-	-	1,308,112
Total unassigned	<u>2,846,477</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,846,477</u>
Total	<u>\$ 10,025,670</u>	<u>\$ 11,599,282</u>	<u>\$ 2,694,837</u>	<u>\$ 4,266,497</u>	<u>\$ 28,586,286</u>

Note 13 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2023, the District contracted with the San Diego County Schools Risk Management (SDCSR) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2023, the District participated in the San Diego County Schools Risk Management (SDCSRM), an insurance purchasing pool. The intent of the SDCSRM is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the SDCSRM. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the SDCSRM. Each participant pays its workers' compensation premium based on its individual rate. A participant will then either receive money from or be required to contribute to the "equity-pooling fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the SDCSRM. Participation in the SDCSRM is limited to districts that can meet the SDCSRM selection criteria.

Employee Medical Benefits

The District has contracted with the California Schools Voluntary Employee Benefits Association (VEBA) to provide employee health benefits. VEBA is a joint labor-management trust comprised of more than 65 participating employers. The District contracts with VEBA to administer the employee benefits through Kaiser and United Health Care plans. Additional dental and vision benefits are provided by the San Diego County Schools Risk Management Joint Powers Authority.

Note 14 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2023, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

<u>Pension Plan</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 21,362,284	\$ 6,084,194	\$ 3,416,118	\$ 1,815,995
CalPERS	13,527,996	5,007,033	607,846	1,796,971
Total	<u>\$ 34,890,280</u>	<u>\$ 11,091,227</u>	<u>\$ 4,023,964</u>	<u>\$ 3,612,966</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

<http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

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

The STRP provisions and benefits in effect at June 30, 2023, are summarized as follows:

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

Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the District's total contributions were \$3,608,033.

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

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share	
Proportionate share of net pension liability	\$ 21,362,284
State's proportionate share of the net pension liability	10,698,148
Total	\$ 32,060,432

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively, was 0.0307% and 0.0297%, resulting in a net increase in the proportionate share of 0.0010%.

For the year ended June 30, 2023, the District recognized pension expense of \$1,815,995. In addition, the District recognized pension expense and revenue of \$862,799 for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,608,033	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,399,223	769,735
Differences between projected and actual earnings on pension plan investments	-	1,044,657
Differences between expected and actual experience in the measurement of the total pension liability	17,524	1,601,726
Changes of assumptions	1,059,414	-
Total	\$ 6,084,194	\$ 3,416,118

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ (767,378)
2025	(831,324)
2026	(1,248,817)
2027	1,802,862
Total	\$ (1,044,657)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 793,729
2025	(116,666)
2026	(116,516)
2027	(141,206)
2028	(308,293)
Thereafter	(6,348)
Total	\$ 104,700

Actuarial Methods and Assumptions

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

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

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-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, 2022, are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) 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%)	\$ 36,281,082
Current discount rate (7.10%)	21,362,284
1% increase (8.10%)	8,975,197

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, 2021 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, 2023, are summarized as follows:

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions 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, 2023, are presented above and the total District contributions were \$2,012,840.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$13,527,996. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively, was 0.0393% and 0.0378%, resulting in a net increase in the proportionate share of 0.0015%.

For the year ended June 30, 2023, the District recognized pension expense of \$1,796,971. At June 30, 2023, 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	\$ 2,012,840	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	335,042	271,252
Differences between projected and actual earnings on pension plan investments	1,597,289	-
Differences between expected and actual experience in the measurement of the total pension liability	61,138	336,594
Changes of assumptions	1,000,724	-
Total	\$ 5,007,033	\$ 607,846

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 266,377
2025	236,257
2026	120,684
2027	973,971
Total	\$ 1,597,289

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 273,289
2025	216,626
2026	298,953
2027	190
Total	\$ 789,058

Actuarial Methods and Assumptions

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

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

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

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity - cap-weighted	30%	4.45%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	(5%)	(0.59%)

Discount Rate

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

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

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (5.90%)	\$ 19,541,875
Current discount rate (6.90%)	13,527,996
1% increase (7.90%)	8,557,746

Tax Deferred Annuity/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 Social Security.

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 \$1,716,208 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 15 - Commitments and Contingencies

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2023.

Litigation

The District is not currently a party to any legal proceedings.

Note 16 - Participation in Public Entity Risk Pools and Joint Power Authorities

The District is a member of the San Diego County Schools Risk Management (SDCSR) Joint Powers Authority public entity risk pool. The District pays an annual premium to the entity for its workers' compensation, and property and liability coverage. The relationship between the District and the pool is such that it is not a component unit of the District for financial reporting purposes.

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

During the year ended June 30, 2023, the District made payments totaling \$491,500 to SDCSR for annual premiums related to workers' compensation and property and liability coverages.



Required Supplementary Information
June 30, 2023

Coronado Unified School District

Coronado Unified School District
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 29,522,543	\$30,846,768	\$ 30,899,013	\$ 52,245
Federal sources	4,968,777	4,892,425	5,667,117	774,692
Other State sources	4,111,153	5,746,066	7,295,435	1,549,369
Other local sources	4,333,628	4,484,372	4,478,360	(6,012)
Total revenues ¹	<u>42,936,101</u>	<u>45,969,631</u>	<u>48,339,925</u>	<u>2,370,294</u>
Expenditures				
Current				
Certificated salaries	19,011,236	19,224,883	19,529,576	(304,693)
Classified salaries	6,751,083	7,534,727	7,875,342	(340,615)
Employee benefits	13,474,580	13,225,999	12,907,246	318,753
Books and supplies	1,647,662	2,475,798	2,537,135	(61,337)
Services and operating expenditures	6,619,858	7,117,157	7,176,835	(59,678)
Other outgo	(37,267)	(37,267)	(35,471)	(1,796)
Capital outlay	17,400	50,073	42,954	7,119
Debt service				
Debt service - principal	-	-	2,297	(2,297)
Debt service - interest and other	-	-	239	(239)
Total expenditures ¹	<u>47,484,552</u>	<u>49,591,370</u>	<u>50,036,153</u>	<u>(444,783)</u>
Deficiency of Revenues Over Expenditures	<u>(4,548,451)</u>	<u>(3,621,739)</u>	<u>(1,696,228)</u>	<u>1,925,511</u>
Other Financing Sources				
Transfers in	4,549,451	3,622,740	2,663,570	(959,170)
Other sources - leases	-	-	11,821	11,821
Net Financing Sources	<u>4,549,451</u>	<u>3,622,740</u>	<u>2,675,391</u>	<u>(947,349)</u>
Net Change in Fund Balances	1,000	1,001	979,163	978,162
Fund Balance - Beginning	<u>9,046,507</u>	<u>9,046,507</u>	<u>9,046,507</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 9,047,507</u>	<u>\$ 9,047,508</u>	<u>\$ 10,025,670</u>	<u>\$ 978,162</u>

¹ Due to the consolidation of Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the actual (GAAP) revenues and expenditures, however, are not included in the original and final General Fund budgets.

Coronado Unified School District
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB Liability			
Service cost	\$ 334,078	\$ 479,262	\$ 466,521
Interest	218,084	153,051	187,711
Difference between expected and actual experience	40,116	(785,763)	(708,940)
Changes of assumptions	(15,309)	(1,046,120)	240,691
Benefit payments	<u>(341,733)</u>	<u>(283,652)</u>	<u>(250,068)</u>
Net change in total OPEB liability	235,236	(1,483,222)	(64,085)
Total OPEB Liability - Beginning	<u>5,167,203</u>	<u>6,650,425</u>	<u>6,714,510</u>
Total OPEB Liability - Ending	<u>\$ 5,402,439</u>	<u>\$ 5,167,203</u>	<u>\$ 6,650,425</u>
Covered Payroll	<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>
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 340,563	\$ 336,724	\$ 361,764
Interest	211,971	202,826	173,351
Difference between expected and actual experience	134,497	-	-
Changes of assumptions	528,997	(46,262)	(250,848)
Benefit payments	<u>(430,839)</u>	<u>(385,415)</u>	<u>(367,083)</u>
Net change in total OPEB liability	785,189	107,873	(82,816)
Total OPEB Liability - Beginning	<u>5,929,321</u>	<u>5,821,448</u>	<u>5,904,264</u>
Total OPEB Liability - Ending	<u>\$ 6,714,510</u>	<u>\$ 5,929,321</u>	<u>\$ 5,821,448</u>
Covered Payroll	<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>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018

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.

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

Year ended June 30,	<u>2023</u>	<u>2022</u>	<u>2021</u>
Proportion of the net OPEB liability	0.0461%	0.0447%	0.0462%
Proportionate share of the net OPEB liability	\$ 151,988	\$ 178,320	\$ 225,261
Covered payroll	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(0.94%)	(0.80%)	(0.71%)
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020
Year ended June 30,	<u>2020</u>	<u>2019</u>	<u>2018</u>
Proportion of the net OPEB liability	0.0513%	0.0504%	0.0507%
Proportionate share of the net OPEB liability	\$ 190,954	\$ 192,823	\$ 213,479
Covered payroll	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

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

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

CalSTRS	<u>2022</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Proportion of the net pension liability	0.0307%	0.0297%	0.0305%	0.0290%	0.0281%
Proportionate share of the net pension liability	\$ 21,362,284	\$ 13,534,988	\$ 29,562,609	\$ 26,179,216	\$ 25,794,803
State's proportionate share of the net pension liability	<u>10,698,148</u>	<u>6,810,281</u>	<u>15,239,528</u>	<u>14,282,510</u>	<u>14,768,731</u>
Total	<u>\$ 32,060,432</u>	<u>\$ 20,345,269</u>	<u>\$ 44,802,137</u>	<u>\$ 40,461,726</u>	<u>\$ 40,563,534</u>
Covered payroll	<u>\$ 18,182,364</u>	<u>\$ 16,366,805</u>	<u>\$ 16,656,409</u>	<u>\$ 15,480,928</u>	<u>\$ 14,741,996</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>117.49%</u>	<u>82.70%</u>	<u>177.48%</u>	<u>169.11%</u>	<u>174.97%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>81%</u>	<u>87%</u>	<u>72%</u>	<u>73%</u>	<u>71%</u>
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
		<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability		<u>0.0280%</u>	<u>0.0281%</u>	<u>0.0300%</u>	<u>0.0310%</u>
Proportionate share of the net pension liability		\$ 25,920,377	\$ 22,740,043	\$ 20,162,554	\$ 18,330,756
State's proportionate share of the net pension liability		<u>15,334,276</u>	<u>12,947,406</u>	<u>10,663,739</u>	<u>10,723,617</u>
Total		<u>\$ 41,254,653</u>	<u>\$ 35,687,449</u>	<u>\$ 30,826,293</u>	<u>\$ 29,054,373</u>
Covered payroll		<u>\$ 14,795,374</u>	<u>\$ 14,292,917</u>	<u>\$ 13,403,559</u>	<u>13,971,576</u>
Proportionate share of the net pension liability as a percentage of its covered payroll		<u>175.19%</u>	<u>159.10%</u>	<u>150.43%</u>	<u>131.20%</u>
Plan fiduciary net position as a percentage of the total pension liability		<u>69%</u>	<u>70%</u>	<u>74%</u>	<u>77%</u>
Measurement Date		June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

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

CalPERS	<u>2022</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Proportion of the net pension liability	0.0393%	0.0378%	0.0396%	0.0381%	0.0367%
Proportionate share of the net pension liability	\$ 13,527,996	\$ 7,678,054	\$ 12,157,292	\$ 11,113,158	\$ 9,788,903
Covered payroll	\$ 6,056,748	\$ 5,416,087	\$ 5,662,370	\$ 5,034,819	\$ 4,659,775
Proportionate share of the net pension liability as a percentage of its covered payroll	223.35%	141.76%	214.70%	220.73%	210.07%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
		<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability		0.0403%	0.0423%	0.0380%	0.0410%
Proportionate share of the net pension liability		\$ 9,617,863	\$ 8,355,567	\$ 5,582,365	\$ 4,634,375
Covered payroll		\$ 4,944,032	\$ 4,974,669	\$ 4,188,727	4,285,370
Proportionate share of the net pension liability as a percentage of its covered payroll		194.53%	167.96%	133.27%	108.14%
Plan fiduciary net position as a percentage of the total pension liability		72%	74%	79%	83%
Measurement Date		June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

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

CalSTRS	2023	2022	2021	2020	2019
Contractually required contribution	\$ 3,608,033	\$ 3,076,456	\$ 2,643,239	\$ 2,848,246	\$ 2,520,295
Less contributions in relation to the contractually required contribution	<u>3,608,033</u>	<u>3,076,456</u>	<u>2,643,239</u>	<u>2,848,246</u>	<u>2,520,295</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 18,890,225</u>	<u>\$ 18,182,364</u>	<u>\$ 16,366,805</u>	<u>\$ 16,656,409</u>	<u>\$ 15,480,928</u>
Contributions as a percentage of covered payroll	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>
		2018	2017	2016	2015
Contractually required contribution		\$ 2,127,270	\$ 1,861,258	\$ 1,533,630	\$ 1,190,236
Less contributions in relation to the contractually required contribution		<u>2,127,270</u>	<u>1,861,258</u>	<u>1,533,630</u>	<u>1,190,236</u>
Contribution deficiency (excess)		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll		<u>\$ 14,741,996</u>	<u>\$ 14,795,374</u>	<u>\$ 14,292,917</u>	<u>\$ 13,403,559</u>
Contributions as a percentage of covered payroll		<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>

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

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

CalPERS	2023	2022	2021	2020	2019
Contractually required contribution	\$ 2,012,840	\$ 1,387,601	\$ 1,121,130	\$ 1,116,676	\$ 909,389
Less contributions in relation to the contractually required contribution	<u>2,012,840</u>	<u>1,387,601</u>	<u>1,121,130</u>	<u>1,116,676</u>	<u>909,389</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 7,933,938</u>	<u>\$ 6,056,748</u>	<u>\$ 5,416,087</u>	<u>\$ 5,662,370</u>	<u>\$ 5,034,819</u>
Contributions as a percentage of covered payroll	<u>25.370%</u>	<u>22.910%</u>	<u>20.700%</u>	<u>19.721%</u>	<u>18.062%</u>
		2018	2017	2016	2015
Contractually required contribution		\$ 723,663	\$ 686,726	\$ 589,349	\$ 493,055
Less contributions in relation to the contractually required contribution		<u>723,663</u>	<u>686,726</u>	<u>589,349</u>	<u>493,055</u>
Contribution deficiency (excess)		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll		<u>\$ 4,659,475</u>	<u>\$ 4,944,744</u>	<u>\$ 4,974,669</u>	<u>\$ 4,188,727</u>
Contributions as a percentage of covered payroll		<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 Schedules

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

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

This schedule 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.

At June 30, 2023, the District’s major fund exceeded the budgeted amount in total as follows:

Funds	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund	\$ 49,591,370	\$ 50,036,153	\$ 444,783

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

- *Change in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Change of Assumptions* – The discount rate changed from 4.09% in 2022 to 4.13% in 2023.

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

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

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 2.16% to 3.54% since the previous valuation.

Schedule of the District Proportionate Share of the Net Pension Liability

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

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

Schedule of the District's Contributions

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



Supplementary Information
June 30, 2023

Coronado Unified School District

Coronado Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Impact Aid	84.041	[1]	\$ <u>1,884,387</u>
Passed Through California Department of Education (CDE)			
Education Stabilization Fund (ESF)			
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	567,592
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	22,535
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Learning Loss	84.425U	15621	<u>38,469</u>
Total Education Stabilization Fund (ESF)			<u>628,596</u>
Passed Through South County SELPA			
Special Education (IDEA) Cluster			
COVID-19 ARP IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027	15638	120,096
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	577,217
IDEA Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	<u>34,614</u>
Subtotal			<u>731,927</u>
COVID-19 ARP IDEA Part B, Sec. 619, Preschool Grants	84.173	15639	6,955
IDEA Preschool Grants, Part B, Sec 619	84.173	13430	10,911
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	<u>106</u>
Subtotal			<u>17,972</u>
Total Special Education (IDEA) Cluster			<u>749,899</u>
Title I Grants to Local Educational Agencies	84.010	14329	92,246
Career and Technical Education-Basic Grants to States (Perkins V)	84.048	14894	<u>15,000</u>
Total U.S. Department of Education			<u>3,370,128</u>
U.S. Department of Defense			
Impact Aid - Supplement	12.558	[1]	<u>1,136,033</u>
Support for Student Achievement at Military Connected Schools			
Support for Student Achievement at Military Connected Schools/SPED: Project World Language Plus (WL+)	12.556	[1]	453,712
Support for Student Achievement at Military Connected Schools/Project E3: Engage, Explore and Excel	12.556	[1]	370,173
Support for Student Achievement at Military Connected Schools/SPED: Project STEM READ	12.556	[1]	<u>337,071</u>
Subtotal Support for Student Achievement at Military Connected Schools			<u>1,160,956</u>
Total U.S. Department of Defense			<u>2,296,989</u>

[1] Direct award, no pass-through entity identifying number.

Coronado Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture Passed Through California Department of Education Child Nutrition Cluster			
National School Lunch Program (NSLP)	10.555	13523	\$ 211,707
National School Lunch Program (NSLP)	10.555	13524	67,874
Supplemental Food	10.555	13391	<u>47,147</u>
Subtotal			<u>326,728</u>
School Breakfast Program (SBP)	10.553	13525	<u>65,752</u>
Total Child Nutrition Cluster			<u>392,480</u>
NSLP Equipment Assistance Grants	10.579	14906	<u>9,900</u>
Total U.S. Department of Agriculture			<u>402,380</u>
Total Federal Financial Assistance			<u>\$ 6,069,497</u>

ORGANIZATION

The Coronado Unified School District was established June 20, 1913 and consists of an area comprising approximately 32.7 square miles. The District operates two elementary schools, one middle school, one high school, one preschool program, and one adult education program. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Renee Cavanaugh	President	2024
Dr. Scot Youngblood	Vice President	2026
Alexia Palacios-Peters	Clerk	2026
Malachy Sandie	Member	2026
Whitney Antrim	Member	2024

ADMINISTRATION

Karl Mueller	Superintendent
Donnie Salamanca, CPA	Deputy Superintendent

Coronado Unified School District
Schedule of Average Daily Attendance
Year Ended June 30, 2023

	Final Report	
	Second Period Report	Annual Report
	No. EA854EFB	No. 4CED65FD
Regular ADA		
Transitional kindergarten through third	671.79	670.53
Fourth through sixth	581.05	581.81
Seventh and eighth	393.41	392.60
Ninth through twelfth	983.00	981.93
Total Regular ADA	2,629.25	2,626.87
Extended Year Special Education		
Transitional kindergarten through third	2.31	2.31
Fourth through sixth	1.41	1.41
Seventh and eighth	1.31	1.31
Ninth through twelfth	1.22	1.22
Total Extended Year Special Education	6.25	6.25
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	1.85	1.88
Fourth through sixth	1.79	1.77
Seventh and eighth	1.26	1.29
Ninth through twelfth	2.83	2.99
Total Special Education, Nonpublic, Nonsectarian Schools	7.73	7.93
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.14	0.14
Fourth through sixth	0.25	0.28
Seventh and eighth	0.18	0.18
Ninth through twelfth	0.36	0.36
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	0.93	0.96
Total ADA	2,644.16	2,642.01

Coronado Unified School District
 Schedule of Instructional Time
 Year Ended June 30, 2023

Grade Level	1986-1987 Minutes Requirement	2022-2023 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36,000	36,000	-	36,000	180	-	180	N/A	N/A	N/A	Complied
Grades 1 - 3	50,400										
Grade 1		57,995	-	57,995	180	-	180	N/A	N/A	N/A	Complied
Grade 2		57,995	-	57,995	180	-	180	N/A	N/A	N/A	Complied
Grade 3		58,670	-	58,670	180	-	180	N/A	N/A	N/A	Complied
Grades 4 - 8	54,000										
Grade 4		58,670	-	58,670	180	-	180	N/A	N/A	N/A	Complied
Grade 5		57,995	-	57,995	180	-	180	N/A	N/A	N/A	Complied
Grade 6		60,077	-	60,077	180	-	180	N/A	N/A	N/A	Complied
Grade 7		60,077	-	60,077	180	-	180	N/A	N/A	N/A	Complied
Grade 8		60,077	-	60,077	180	-	180	N/A	N/A	N/A	Complied
Grades 9 - 12	64,800										
Grade 9		65,384	-	65,384	180	-	180	N/A	N/A	N/A	Complied
Grade 10		65,384	-	65,384	180	-	180	N/A	N/A	N/A	Complied
Grade 11		65,384	-	65,384	180	-	180	N/A	N/A	N/A	Complied
Grade 12		65,384	-	65,384	180	-	180	N/A	N/A	N/A	Complied

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

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

	<u>General Fund</u>
Fund Balance	
Balance, June 30, 2023, Unaudited Actuals	\$ 9,221,763
Increase in Receivables	<u>803,907</u>
Balance, June 30, 2023, Audited Financial Statements	<u><u>\$ 10,025,670</u></u>

Coronado Unified School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2023

	(Budget) 2024 ¹	2023	2022 ¹	2021 ¹
General Fund ³				
Revenues	\$ 46,069,329	\$ 48,371,029	\$ 42,768,045	\$ 41,158,847
Other sources	6,403,073	2,675,391	1,400,000	1,138,355
Total revenues and other sources	<u>52,472,402</u>	<u>51,046,420</u>	<u>44,168,045</u>	<u>42,297,202</u>
Expenditures	53,254,556	50,036,153	44,253,410	39,767,397
Other uses	-	-	-	1,140,238
Total expenditures and other uses	<u>53,254,556</u>	<u>50,036,153</u>	<u>44,253,410</u>	<u>40,907,635</u>
Increase (Decrease) in Fund Balance	<u>(782,154)</u>	<u>1,010,267</u>	<u>(85,365)</u>	<u>1,389,567</u>
Ending Fund Balance	<u>\$ 4,949,668</u>	<u>\$ 5,731,822</u>	<u>\$ 4,721,555</u>	<u>\$ 4,806,920</u>
Available Reserves ²	<u>\$ 1,597,637</u>	<u>\$ 2,846,477</u>	<u>\$ 2,636,526</u>	<u>\$ 2,476,397</u>
Available Reserves as a Percentage of Total Outgo	<u>3.00%</u>	<u>5.69%</u>	<u>5.96%</u>	<u>6.05%</u>
Long-Term Liabilities	<u>N/A</u>	<u>\$ 61,916,484</u>	<u>\$ 49,748,269</u>	<u>\$ 74,207,871</u>
K-12 Average Daily Attendance at P-2	<u>2,740</u>	<u>2,644</u>	<u>2,598</u>	<u>2,951</u>

The General Fund balance has increased by \$924,902 over the past two years. The fiscal year 2023-2024 budget projects a decrease of \$782,154 (13.646%). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, and other uses (total outgo).

The District has incurred an operating surplus in two of the past three years, but anticipates incurring an operating deficit during the 2023-2024 fiscal year. Total long-term liabilities have decreased by \$12,291,387 over the past two years.

Average daily attendance has decreased by 307 over the past two years. ADA is anticipated to increase by 96 during fiscal year 2023-2024.

¹ Financial information for 2024, 2022, and 2021 are included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund and the Special Reserve Fund for Other Than Capital Outlay Projects.

³ General Fund amounts do not include activity related to the consolidation of the Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects as required by GASB Statement No. 54.

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

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
Assets					
Deposits and investments	\$ 145,451	\$ 16,281	\$ 399,043	\$ 1,049,997	\$ 630,942
Receivables	-	42,964	3,696	311,638	5,593
Due from other funds	-	80,451	55,947	403	-
Stores inventories	-	-	-	20,135	-
	<u>145,451</u>	<u>139,696</u>	<u>458,686</u>	<u>1,382,173</u>	<u>636,535</u>
Total assets	\$ 145,451	\$ 139,696	\$ 458,686	\$ 1,382,173	\$ 636,535
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ 4,270	\$ 12,712	\$ 33,645	\$ -
Due to other funds	-	48,947	232,279	23,463	400,000
Unearned revenue	-	-	-	78,570	-
	<u>-</u>	<u>53,217</u>	<u>244,991</u>	<u>135,678</u>	<u>400,000</u>
Total liabilities	-	53,217	244,991	135,678	400,000
Fund Balances					
Nonspendable	-	-	-	20,735	-
Restricted	145,451	86,479	213,695	1,225,760	141,688
Assigned	-	-	-	-	94,847
	<u>145,451</u>	<u>86,479</u>	<u>213,695</u>	<u>1,246,495</u>	<u>236,535</u>
Total fund balances	145,451	86,479	213,695	1,246,495	236,535
Total liabilities and fund balances	\$ 145,451	\$ 139,696	\$ 458,686	\$ 1,382,173	\$ 636,535

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

	Foundation Special Reserve Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Foundation Permanent Fund	Total Non-Major Governmental Funds
Assets					
Deposits and investments	\$ 305,716	\$ 262,127	\$ 1,749,646	\$ 297,138	\$ 4,856,341
Receivables	372,709	23,665	-	2,646	762,911
Due from other funds	12,085	-	-	-	148,886
Stores inventories	-	-	-	-	20,135
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 690,510</u>	<u>\$ 285,792</u>	<u>\$ 1,749,646</u>	<u>\$ 299,784</u>	<u>\$ 5,788,273</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 28,818	\$ 3,671	\$ -	\$ 1,250	\$ 84,366
Due to other funds	647,275	6,876	-	-	1,358,840
Unearned revenue	-	-	-	-	78,570
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>676,093</u>	<u>10,547</u>	<u>-</u>	<u>1,250</u>	<u>1,521,776</u>
Fund Balances					
Nonspendable	-	-	-	-	20,735
Restricted	-	275,245	1,749,646	-	3,837,964
Assigned	14,417	-	-	298,534	407,798
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>14,417</u>	<u>275,245</u>	<u>1,749,646</u>	<u>298,534</u>	<u>4,266,497</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 690,510</u>	<u>\$ 285,792</u>	<u>\$ 1,749,646</u>	<u>\$ 299,784</u>	<u>\$ 5,788,273</u>

Coronado Unified School District

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

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
Revenues					
Federal sources	\$ -	\$ -	\$ 106,024	\$ 471,208	\$ -
Other State sources	-	255,687	617,407	1,306,022	-
Other local sources	644,098	18,562	9,565	89,486	12,252
Total revenues	644,098	274,249	732,996	1,866,716	12,252
Expenditures					
Current					
Instruction	-	53,355	478,186	-	-
Instruction-related activities					
Supervision of instruction	-	147,718	-	-	-
School site administration	-	120,035	90,519	-	-
Pupil services					
Food services	-	-	-	1,586,893	-
Administration					
All other administration	-	10,695	22,406	-	-
Plant services	-	-	29,289	-	-
Ancillary services	658,731	-	-	-	-
Community services	-	-	-	-	-
Facility acquisition and construction	-	-	-	54,434	400,000
Debt service					
Principal	-	-	-	-	-
Interest and other	-	-	-	-	-
Total expenditures	658,731	331,803	620,400	1,641,327	400,000
Excess (Deficiency) of Revenues Over Expenditures	(14,633)	(57,554)	112,596	225,389	(387,748)
Other Financing Sources					
Transfers in	-	-	-	-	-
Net Change in Fund Balances	(14,633)	(57,554)	112,596	225,389	(387,748)
Fund Balance - Beginning	160,084	144,033	101,099	1,021,106	624,283
Fund Balance - Ending	\$ 145,451	\$ 86,479	\$ 213,695	\$ 1,246,495	\$ 236,535

Coronado Unified School District

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

	Foundation Special Reserve Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Foundation Permanent Fund	Total Non-Major Governmental Funds
Revenues					
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ 577,232
Other State sources	-	-	2,018	-	2,181,134
Other local sources	801,638	225,751	1,494,458	5,914	3,301,724
Total revenues	801,638	225,751	1,496,476	5,914	6,060,090
Expenditures					
Current					
Instruction	-	-	-	-	531,541
Instruction-related activities					
Supervision of instruction	-	-	-	3,736	151,454
School site administration	-	-	-	-	210,554
Pupil services					
Food services	-	-	-	-	1,586,893
Administration					
All other administration	-	6,876	-	-	39,977
Plant services	346,209	1,775	-	-	377,273
Ancillary services	-	-	-	-	658,731
Community services	635,991	-	-	-	635,991
Facility acquisition and construction	-	-	-	-	454,434
Debt service					
Principal	-	365,000	975,431	-	1,340,431
Interest and other	-	177,069	64,975	-	242,044
Total expenditures	982,200	550,720	1,040,406	3,736	6,229,323
Excess (Deficiency) of Revenues Over Expenditures	(180,562)	(324,969)	456,070	2,178	(169,233)
Other Financing Sources					
Transfers in	-	450,000	-	-	450,000
Net Change in Fund Balances	(180,562)	125,031	456,070	2,178	280,767
Fund Balance - Beginning	194,979	150,214	1,293,576	296,356	3,985,730
Fund Balance - Ending	\$ 14,417	\$ 275,245	\$ 1,749,646	\$ 298,534	\$ 4,266,497

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

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal 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, 2023, the District did not have commodities reported as inventory.

SEFA Reconciliation

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amount consist of ARP California State Preschool Program One-time Stipend and COVID-19 Supply Chain Assistance Funds have been recorded in the current period as revenues that have not been expended as of June 30, 2023. These unspent balances are reported as legally restricted ending balances within the Cafeteria Fund and Child Development Fund.

	Federal Financial Assistance Listing Number	Amount
Total Federal Revenues reported on the Financial Statements		\$ 6,244,349
COVID-19 Child Development: ARP California State Preschool Program - Rate Supplements	93.575	(106,024)
COVID-19 Supply Chain Assistance (SCA) Funds	10.555	(68,828)
		\$ 6,069,497

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited 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

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



Independent Auditor's Reports
June 30, 2023

Coronado 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
Coronado Unified School District
Coronado, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Coronado Unified School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated December 15, 2023.

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. There was no impact on the beginning net position or fund balance with respect to this matter. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

District's Response to Findings

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

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.



Rancho Cucamonga, California
December 15, 2023



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
Coronado Unified School District
Coronado, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Coronado Unified School District’s (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2023. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over*

compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

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

Rancho Cucamonga, California
December 15, 2023



Independent Auditor's Report on State Compliance

To the Governing Board
Coronado Unified School District
Coronado, California

Report on Compliance

Opinion on State Compliance

We have audited Coronado Unified School District's (the District) compliance with the requirements specified in the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the District's state program requirements identified below for the year ended June 30, 2023.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor’s Responsibilities for the Audit of Compliance

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

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

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

2022-2023 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, see below
Continuation Education	No, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes

2022-2023 K-12 Audit Guide Procedures	Procedures Performed
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	Yes
 School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	No, see below
After/Before School Education and Safety Program	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	No, see below
Immunizations	No, see below
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Transitional Kindergarten	Yes
 Charter Schools	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes - Classroom Based	No, see below
Charter School Facility Grant Program	No, see below

We did not perform testing related to Independent Study because the ADA reported was below the threshold required for testing.

We did not perform testing related to Continuation Education because the ADA reported was below the threshold required for testing.

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

We did not perform testing related to Juvenile Court Schools because the District does not offer this program.

We did not perform testing related to Middle or Early College High Schools because the District does not offer this program.

We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the District.

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

We did not perform California Clean Energy Jobs Act procedures because the related procedures were performed in a previous year.

We did not perform procedures for the After/Before School Education and Safety Program because the District did not offer the program.

The District does not offer an Independent Study - Course Based program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

The District was not listed on the immunization assessment reports; therefore, we did not perform the remaining procedures.

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

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

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

Rancho Cucamonga, California
December 15, 2023



Schedule of Findings and Questioned Costs
June 30, 2023

Coronado Unified School District

Financial Statements

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

Federal Awards

Internal control over major program	
Material weaknesses identified	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

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing Number</u>
Impact Aid	84.041
Support for Student Achievement at Military Connected Schools/SPED: Project World Language Plus (WL+)	12.556
Support for Student Achievement at Military Connected Schools/Project E3: Engage, Explore and Excel	12.556
Support for Student Achievement at Military Connected Schools/SPED: Project STEM READ	12.556
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

State Compliance

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

The following finding represents a material weakness related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

2023-001 30000 – Financial Reporting/Audit Adjustment

Criteria or Specific Requirements

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

Condition

During the course of our engagement, we identified a material misstatement of balances for Art, Music and Instructional Materials Discretionary Block Grant within the District’s General Fund. Receivables were understated by \$803,907.

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The condition was identified through inquiry with District personnel and through review of available District records related to balances reported in the District’s 2022-2023 Unaudited Actuals.

Effect

The effect of this misstatement resulted in a misstatement that was not detected or prevented by the District’s internal controls. As reported on the 2022-2023 Unaudited Actuals, the District’s General Fund ending fund balance was understated by \$803,907.

Cause

The cause of the condition identified appears to be attributed to inadequate review process related to the preparation of the District’s year-end financial statements in conjunction with numerous and rapid changes to the State’s education appropriations.

Repeat Finding

Yes. See prior year finding 2023-001.

Recommendation

In light of the condition identified, the District should exercise care during its annual year-end closing process. The District should implement a process to review all closing balances during its year-end closing to determine the proper cut-off period of revenues and to ensure that all activities are recorded in financial statements. Moreover, the District should regularly utilize external information to ensure the most up-to-date information is utilized during year-end closing to capture the most current information with respect to the State's appropriations.

Corrective Action Plan and Views of Responsible Officials

Throughout the budget development process, reports indicated potential "claw-backs" of State grants, including the Art, Music, Instructional Materials Discretionary Block Grant. District staff recognized the most conservative projection at the time and recorded what they expected to be received. In the future, staff will more closely monitor State apportionments to ensure the accurate recording of revenues. The grant of one-time monies has a spending deadline of June 30, 2026.

None reported.

None reported.

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

Financial Statements Findings

2022-001 Code – Financial Reporting/Audit Adjustments

Criteria or Specific Requirements

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

Condition

As a result of our audit procedures, an audit adjustment was required that affected the fair market value of investments in the county pool. The fair market value adjustment to the cash in county treasury balance was a reduction of \$494,279 in the Special Reserve Fund for Capital Outlay Projects. In addition, several other errors were noted during our audit affecting other funds and accounts that, although did not result in material audit adjustments, were also an indicator of internal control deficiencies.

Questioned Costs

There is no questioned costs as a result of the condition identified.

Context

The audit adjustment and other errors were identified during our audit of the various accounts by reviewing the District's underlying accounting records to support the amounts reported in the unaudited actuals. Multiple erroneous entries were noted during the audit, and we have evaluated that most of the misstatements do not have a material impact on the financial statements, as they were below our materiality threshold for each opinion unit. The fair market value adjustment to the cash in county in the Special Reserve Fund for Capital Outlay Projects was determined to have a material impact on the financial statements.

Effect

The effect of the errors resulted in an overstatement of fund balance of \$494,278 in the Special Reserve Fund for Capital Outlay Project.

Cause

The cause of the condition identified appears to be a result of lack of review of closing entries prior to the books being closed.

Recommendation

A thorough review of the District's financial statements, including all adjusting entries, reclassifying entries, and conversion entries should take place before the financial statements are finalized by the District's business department.

Current Status

Partially implemented. See current year finding 2023-001.