



April 13, 2022

To the Governing Board
Coronado Unified School District
Coronado, California

We have audited the financial statements of Coronado Unified School District (the District) as of and for the year ended June 30, 2021 and have issued our report thereon dated April 13, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards* and our Compliance Audit under the Uniform Guidance

As communicated in our engagement letter dated June 1, 2021, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether the District complied with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the District's major federal program. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Our responsibility, as prescribed by professional standards as it relates to the audit of the District's major federal program compliance, is to express an opinion on the compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. An audit of major program compliance includes consideration of internal control over compliance with the types of compliance requirements referred to above as a basis for designing 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 internal control over compliance. Accordingly, as a part of our major program compliance audit, we considered internal control over compliance for these purposes and not to provide any assurance on the effectiveness of the District's internal control over compliance.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our 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* dated April 13, 2022. We have also provided our comments regarding compliance with the types of compliance requirements referred to above and internal controls over compliance during our audit in our Independent Auditor's Report on Compliance with Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance dated April 13, 2022.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. As described in Notes 1 and 17 to the financial statements, the District changed accounting policies related to accounting for fiduciary activities to adopt the provisions of GASB Statement No. 84, *Fiduciary Activities*. Accordingly, the accounting change has been retrospectively applied to the financial statements beginning July 1, 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements were:

Governmental Accounting Standards Board (GASB) requires the District to calculate, recognize, and report the costs and obligations associated with pensions in their financial statements. These amounts were all based on the District's proportionate share of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) estimated net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, which were actuarially determined; utilizing projections of future contributions and future earnings, actuarial assumptions such as inflation, salary increases, mortality rates, and investment rate of return and discount rates in the determination of the final balances reported in the CalSTRS and CalPERS audited financial statements. The District's proportionate share was determined by calculating the District's share of contributions to the pension plan relative to the contributions of all participating entities in the plan.

Management’s estimate of the Net OPEB liability, related deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on a calculation of actuarially determined contributions for health insurance benefits.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District’s financial statements relate to Net Other Postemployment Benefits (OPEB) Liability and Plan (Note 10) and the Employee Retirement Systems (Note 14).

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. The following summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements as a whole.

General Fund	
School site administration expense	\$49,670
Accounts payable	\$49,670

The effect of these uncorrected misstatements, including the effect of the reversal of prior year uncorrected misstatements as of and for the year ended June 30, 2021, is an overstatement of fund balance of \$49,670 for the General Fund and an overstatement of net position of \$49,670 for the government-wide statement financial statements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District’s financial statements or the auditor’s report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management that are included in the management representation letter dated April 13, 2022.

Management’s Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Modification of the Auditor's Report

We have made the following modification to our auditor's report.

Emphasis of Matter

As discussed in Notes 1 and 17 to the financial statements, Coronado Unified School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

This report is intended solely for the information and use of the Governing Board and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

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

Rancho Cucamonga, California



Financial Statements
June 30, 2021

Coronado Unified School District

Independent Auditor's Report.....	1
Management's Discussion and Analysis	4
Government Wide Financial Statements	
Statement of Net Position	14
Statement of Activities.....	15
Government Fund Financial Statements	
Balance Sheet – Governmental Funds	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Proprietary Fund Financial Statements	
Statement of Net Position – Proprietary Funds.....	22
Statement of Revenues, Expenses, and Change in Fund Net Position – Proprietary Funds	23
Statement of Cash Flows – Proprietary Funds.....	24
Notes to Financial Statements	25
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	65
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	66
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program.....	67
Schedule of the District's Proportionate Share of the Net Pension Liability	68
Schedule of District's Contributions	69
Notes to Required Supplementary Information	70
Supplementary Information	
Schedule of Expenditures of Federal Awards	72
Local Education Agency Organization Structure.....	73
Schedule of Instructional Time	74
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	75
Schedule of Financial Trends and Analysis	76
Combining Balance Sheet – Non-Major Governmental Funds	77
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds.....	78
Notes to Supplementary Information.....	79
Independent Auditor's Reports	
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 <i>Government Auditing Standards</i>	81
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance	83
Independent Auditor's Report on State Compliance.....	85

Schedule of Findings and Questioned Costs

Summary of Auditor's Results.....	88
Financial Statement Findings	89
Federal Awards Findings and Questioned Costs.....	90
State Compliance Findings and Questioned Costs.....	91
Summary Schedule of Prior Audit Findings.....	93
Management Letter	94



Independent Auditor's Report

Governing Board
Coronado Unified School District
Coronado, California

Report on the Financial Statements

We have audited the accompanying 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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Coronado Schools Foundation, the District's discretely presented component unit, whose statements reflect total assets of \$9,879,544 as of June 30, 2021 and total revenues of \$2,863,603 for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and in our opinions, insofar as they relate to the amounts included for Coronado Unified School District, are based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Coronado Schools Foundation were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Coronado Unified School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 1 and 17 to the financial statements, Coronado Unified School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13, budgetary comparison information on page 65, schedule of changes in the District's total OPEB liability and related ratios on page 66, schedule of the District's proportionate share of the net OPEB liability – MPP program on page 67, schedule of the District's proportionate share of the net pension liability on page 68, and the schedule of District's contributions on page 69, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated April 13, 2022 on our consideration of Coronado Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Coronado Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Coronado Unified School District's internal control over financial reporting and compliance.



Rancho Cucamonga, California
April 13, 2022

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, 2021, with comparative information for the year ending June 30, 2020. 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), 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 each of 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 each governmental fund financial statement.

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses, and 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 \$53,696,724 at June 30, 2021. This was a decrease of \$2,446,733 from the prior year's net position.
- Overall revenues were \$50,157,604 which were exceeded by overall expenses of \$52,604,337.

THE DISTRICT AS A WHOLE

Net Position

The District's net position of governmental activities was \$53,801,204 for the fiscal year ended June 30, 2021. Of this amount, \$(30,425,588) 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	
	2021	2020 as restated	2021	2020	2021	2020 as restated
Assets						
Current and other assets	\$ 34,752,176	\$ 32,630,208	\$ 266,837	\$ 313,751	\$ 35,019,013	\$ 32,943,959
Capital assets	87,569,838	90,500,727	-	-	87,569,838	90,500,727
Total assets	122,322,014	123,130,935	266,837	313,751	122,588,851	123,444,686
Deferred outflows of resources	10,959,989	10,505,676	65,183	128,060	11,025,172	10,633,736
Liabilities						
Current liabilities	3,545,070	3,219,866	9,606	1,887	3,554,676	3,221,753
Long-term liabilities	73,789,313	71,123,601	418,558	603,175	74,207,871	71,726,776
Total liabilities	77,334,383	74,343,467	428,164	605,062	77,762,547	74,948,529
Deferred inflows of resources	2,146,416	2,952,738	8,336	33,698	2,154,752	2,986,436
Net Position						
Net investment in capital assets	69,594,154	73,382,361	-	-	69,594,154	73,382,361
Restricted	14,632,638	11,425,611	-	-	14,632,638	11,425,611
Unrestricted (deficit)	(30,425,588)	(28,467,566)	(104,480)	(196,949)	(30,530,068)	(28,664,515)
Total net position	\$ 53,801,204	\$ 56,340,406	\$ (104,480)	\$ (196,949)	\$ 53,696,724	\$ 56,143,457

The \$(30,425,588) 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	
	2021	2020*	2021	2020	2021	2020*
Revenues						
Program revenues						
Charges for services and sales	\$ 303,282	\$ 706,603	\$ 152,252	\$ 398,449	\$ 455,534	\$ 1,105,052
Operating grants and contributions	11,499,179	7,354,246	2,644	18,376	11,501,823	7,372,622
General revenues						
Federal and State aid not restricted	15,193,430	25,666,864	-	-	15,193,430	25,666,864
Property taxes	18,057,198	7,272,711	-	-	18,057,198	7,272,711
Other general revenues	4,946,300	4,352,701	3,319	5,911	4,949,619	4,358,612
Total revenues	49,999,389	45,353,125	158,215	422,736	50,157,604	45,775,861
Expenses						
Instruction-related	33,527,732	33,950,721	-	-	33,527,732	33,950,721
Pupil services	3,818,780	3,734,672	-	-	3,818,780	3,734,672
Administration	2,708,415	2,396,599	-	-	2,708,415	2,396,599
Plant services	5,843,816	4,620,439	-	-	5,843,816	4,620,439
All other services	6,639,848	5,932,030	65,746	479,418	6,705,594	6,411,448
Total expenses	52,538,591	50,634,461	65,746	479,418	52,604,337	51,113,879
Transfers	-	3,255	-	(3,255)	-	-
Change in net position	\$ (2,539,202)	\$ (5,278,081)	\$ 92,469	\$ (59,937)	\$ (2,446,733)	\$ (5,338,018)

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 \$52,538,591. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$18,057,198 because the cost was paid by those who benefited from the programs (\$303,282) or by other governments and organizations who subsidized certain programs with grants and contributions (\$11,499,179). We paid for the remaining "public benefit" portion of our governmental activities with \$20,139,730 in 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	
	2021	2020*	2021	2020*
Instruction-related	\$ 33,527,732	\$ 33,950,721	\$ (25,570,259)	\$ (28,066,218)
Pupil services	3,818,780	3,734,672	(2,285,204)	(2,512,737)
Administration	2,708,415	2,396,599	(2,517,018)	(2,268,443)
Plant services	5,843,816	4,620,439	(4,808,188)	(4,275,040)
All other services	6,639,848	5,932,030	(5,555,461)	(5,451,174)
Total	<u>\$ 52,538,591</u>	<u>\$ 50,634,461</u>	<u>\$ (40,736,130)</u>	<u>\$ (42,573,612)</u>

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$31,285,372, an increase of \$1,789,231 over prior year.

Table 4

Governmental Fund	Balances and Activity			
	July 1, 2020 as restated	Revenues and other financing sources	Expenditures and other financing uses	June 30, 2021
General Fund	\$ 6,932,219	\$ 42,317,612	\$ 39,769,280	\$ 9,480,551
Special Reserve Fund for Capital Outlay Projects	9,752,480	2,726,383	1,349,422	11,129,441
Capital Project Fund for Blended Component Units	9,706,316	1,208,826	3,769,960	7,145,182
Student Activity Fund	295,391	421,711	570,652	146,450
Adult Education Fund	195,282	230,147	223,391	202,038
Child Development Fund	15,784	536,594	504,996	47,382
Cafeteria Fund	341,799	999,215	638,156	702,858
Deferred Maintenance Fund	624,171	11,268	-	635,439
Foundation Special Reserve Fund	120	895,802	694,716	201,206
Capital Facilities Fund	166,772	411,952	553,765	24,959
Bond Interest and Redemption Fund	1,164,849	1,178,066	1,078,050	1,264,865
Foundation Permanent Fund	300,958	5,518	1,475	305,001
Total	<u>\$ 29,496,141</u>	<u>\$ 50,943,094</u>	<u>\$ 49,153,863</u>	<u>\$ 31,285,372</u>

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 \$2.5 million to \$9.5 million. This increase is due to transfers in from the Special Reserve Fund for Capital Outlay Projects to support deferred maintenance costs. Moreover, the district experienced unanticipated savings and additional revenues as a result of one-time monies to support student learning throughout the COVID-19 global pandemic which began in March 2020.
2. The District issued debt which increased the fund balance in the Capital Project Component Unit by \$9,706,316 net of current year expenditures and activity. These funds will be 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 17, 2021. (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 65).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the District had \$87,569,838 in a broad range of capital assets (net of depreciation), including land and construction in process, buildings and improvements, and furniture and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of \$2,930,889.

Table 5

	Governmental Activities	
	2021	2020
Land and construction in progress	\$ 532,869	\$ 532,869
Buildings and improvements	86,095,273	89,144,884
Equipment	941,696	822,974
Total	<u>\$ 87,569,838</u>	<u>\$ 90,500,727</u>

This year's additions of \$1,083,786 included land and building improvements, and classroom equipment such as computers. The District issued non-voter approved debt in June 2020 to fund these additions.

We present more detailed information about our capital 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 \$25,612,284 in long-term liabilities other than OPEB and Pension outstanding versus \$27,528,938 last year. Those obligations consisted of:

Table 6

	Governmental Activities	
	2021	2020
Long-Term Liabilities		
General obligation bonds	\$ 6,290,000	\$ 7,080,000
Premium on issuance	661,901	786,008
Certificates of participation	6,565,000	6,905,000
Premium on issuance	183,742	197,186
Lease purchase agreement	11,535,032	12,000,000
Supplemental early retirement plan	201,273	402,546
Compensated absences	175,336	158,198
	<u> </u>	<u> </u>
Total	<u>\$ 25,612,284</u>	<u>\$ 27,528,938</u>

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, a supplemental early retirement plan, and compensated absences.

We present more detailed information regarding our long-term liabilities in Note 9 of the financial statements.

OPEB and Pension Liabilities

At year-end, the District had a total OPEB liability of \$6,875,686 versus \$6,905,464 last year, a decrease of \$29,778, or 0.4%.

At year-end, the District has an aggregate net pension liability of \$41,301,343 in the governmental activities and \$418,558 in the business-type activities versus \$36,689,199 and \$603,175 in the previous year. This represents a change of \$4,612,144, or an increase of 12.6%, and a change of \$184,617, or a change of 30.6%, 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.

Landmark legislation passed in Year 2013 reformed California school district finance by creating the Local Control Funding Formula (LCFF). The District continues to analyze the impact of the LCFF on funding for our program offerings and services. The LCFF is designed to provide a flexible funding mechanism that links student achievement to state funding levels. The LCFF provides a per pupil base grant amount, by grade span, that is augmented by supplemental funding for targeted student groups in low-income brackets, those that are English language learners and foster youth. In 2018-2019, the State reached the statewide targeted base funding levels outlined in the LCFF.

Factors related to LCFF that the District is monitoring include: (1) estimates of funding in the next budget year and beyond; (2) the Local Control and Accountability Plan (LCAP) that aims to link student accountability measurements to funding allocations; (3) ensuring the integrity of reporting student data through the California Longitudinal Pupil Achievement Data System (CALPADs); and (4) meeting annual compliance and audit requirements.

The COVID-19 pandemic beginning in March 2020 will undoubtedly have a lasting impact on State revenues and result in continued and significant uncertainty about the State's long-term economic growth, and indicators of a slowing economy have already been observed. State and Federal stimulus programs may provide stability to district budgets, for an uncertain period of time, but the impacts on student programs, based on needs are still to be determined as the length and severity of the COVID-19 pandemic persists. With the LCFF fully funded in 2018-2019, and with school districts entering into a period of marginal increases with a Cost-of-Living Adjustment (COLA) only environment, a pattern of deficit spending is expected as expenditures related to employee retirement and benefit programs continue to grow. According to the Legislative Analyst's Office, there are concerns about a possible mild recession. In addition, purchasing power has not been restored to pre-2007-2008 levels for most school districts as added funding is going to pay for increases in CalPERS and CalSTRS rates increases and rising health care costs.

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, 2021. 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.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, inter-district transfers in or out, economic conditions, housing values and most notably, the impacts of 'life after/with COVID-19. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to make adjustments in fixed operating costs. Moreover, because of the COVID-19 pandemic, the district expects to see fluctuations in enrollment as students and parents consider alternative placements in response to the fluid nature of opportunities for in-person instruction. The district anticipates the financial impacts of these shifts to be short-term and will be held harmless by State funding for the time being. However, it will need to be nimble in its response to maintain programming and financial stability in light of the ongoing pandemic.

All of these factors were considered in preparing the District's budget for the 2021-2022 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, 2021

	Governmental Activities	Business-Type Activities	Total	Coronado School Foundation
Assets				
Deposits and investments	\$ 27,059,865	\$ 209,563	\$ 27,269,428	\$ 9,869,210
Restricted assets - pension trust	3,335,035	-	3,335,035	-
Receivables	4,392,270	16,807	4,409,077	2,088
Internal balances	(40,467)	40,467	-	-
Prepaid expense	-	-	-	7,189
Stores inventories	5,473	-	5,473	-
Capital assets not depreciated	532,869	-	532,869	-
Capital assets, net of accumulated depreciation	87,036,969	-	87,036,969	1,057
Total assets	122,322,014	266,837	122,588,851	9,879,544
Deferred Outflows of Resources				
Deferred charge on refunding	114,809	-	114,809	-
Deferred outflows of resources related to OPEB	730,000	-	730,000	-
Deferred outflows of resources related to pensions	10,115,180	65,183	10,180,363	-
Total deferred outflows of resources	10,959,989	65,183	11,025,172	-
Liabilities				
Accounts payable	3,099,638	9,606	3,109,244	264,053
Interest payable	78,266	-	78,266	-
Unearned revenue	367,166	-	367,166	30,000
Refundable advance - Paycheck Protection Program (PPP)	-	-	-	57,000
Long-term liabilities				
Long-term liabilities other than OPEB and pensions due within one year	1,875,931	-	1,875,931	-
Long-term liabilities other than OPEB and pensions due in more than one year	23,736,353	-	23,736,353	-
Other postemployment benefits (OPEB) liability	6,875,686	-	6,875,686	-
Aggregate net pension liability	41,301,343	418,558	41,719,901	-
Total liabilities	77,334,383	428,164	77,762,547	351,053
Deferred Inflows of Resources				
Deferred inflows of resources related to OPEB	764,112	-	764,112	-
Deferred inflows of resources related to pensions	1,382,304	8,336	1,390,640	-
Total deferred inflows of resources	2,146,416	8,336	2,154,752	-
Net Position				
Net investment in capital assets	69,594,154	-	69,594,154	-
Restricted for				
Debt service	1,186,599	-	1,186,599	-
Capital projects	6,987,745	-	6,987,745	-
Educational programs	1,462,106	-	1,462,106	-
Pension trust	3,335,035	-	3,335,035	-
Other activities	1,661,153	-	1,661,153	66,918
Permanent endowment	-	-	-	3,323,965
Unrestricted (deficit)	(30,425,588)	(104,480)	(30,530,068)	6,137,608
Total net position (deficit)	\$ 53,801,204	\$ (104,480)	\$ 53,696,724	\$ 9,528,491

Coronado Unified School District
Statement of Activities
Year Ended June 30, 2021

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	
Governmental Activities							
Instruction	\$ 28,482,895	\$ 59,125	\$ 6,334,163	\$ (22,089,607)	\$ -	\$ (22,089,607)	\$ -
Instruction-related activities							
Supervision of instruction	551,071	-	16,689	(534,382)	-	(534,382)	-
Instructional library, media, and technology	952,649	-	14,209	(938,440)	-	(938,440)	-
School site administration	3,541,117	10,329	1,522,958	(2,007,830)	-	(2,007,830)	-
Pupil services							
Home-to-school transportation	184,383	-	-	(184,383)	-	(184,383)	-
Food services	664,360	-	972,449	308,089	-	308,089	-
All other pupil services	2,970,037	5,671	555,456	(2,408,910)	-	(2,408,910)	-
Administration							
Data processing	108,608	-	-	(108,608)	-	(108,608)	-
All other administration	2,599,807	931	190,466	(2,408,410)	-	(2,408,410)	-
Plant services	5,843,816	127,628	908,000	(4,808,188)	-	(4,808,188)	-
Ancillary services	1,035,606	-	440,910	(594,696)	-	(594,696)	-
Community services	850,383	29,048	164,122	(657,213)	-	(657,213)	-
Enterprise services	23,142	-	2,786	(20,356)	-	(20,356)	-
Interest on long-term liabilities	693,256	-	-	(693,256)	-	(693,256)	-
Other outgo	22,786	70,550	376,971	424,735	-	424,735	-
Depreciation (unallocated)	4,014,675	-	-	(4,014,675)	-	(4,014,675)	-
Total governmental activities	52,538,591	303,282	11,499,179	(40,736,130)	-	(40,736,130)	-
Business-Type Activities							
Enterprise services	65,746	152,252	2,644	-	89,150	89,150	-
Total School District	\$ 52,604,337	\$ 455,534	\$ 11,501,823	(40,736,130)	89,150	(40,646,980)	-
Discretely Presented Component Unit							
Program services	\$ 1,009,818	\$ -	\$ -	-	-	-	(1,009,818)
Management and general	98,532	-	-	-	-	-	(98,532)
Fundraising	212,996	-	-	-	-	-	(212,996)
Total	\$ 1,321,346	\$ -	\$ -	-	-	-	(1,321,346)

See Notes to Financial Statements

Coronado Unified School District
Statement of Activities
Year Ended June 30, 2021

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				\$ 15,272,152	\$ -	\$ 15,272,152	\$ -
Property taxes, levied for debt service				162,767	-	162,767	-
Taxes levied for other specific purposes				2,622,279	-	2,622,279	-
Federal and State aid not restricted to specific purposes				15,193,430	-	15,193,430	-
Interest and investment earnings				436,997	3,319	440,316	2,039,972
Miscellaneous				4,509,303	-	4,509,303	823,631
Subtotal, general revenues and subventions				38,196,928	3,319	38,200,247	2,863,603
Change in Net Position				(2,539,202)	92,469	(2,446,733)	1,542,257
Net Position (deficit) - Beginning, as restated				56,340,406	(196,949)	56,143,457	7,986,235
Net Position (deficit) - Ending				<u>\$ 53,801,204</u>	<u>\$ (104,480)</u>	<u>\$ 53,696,724</u>	<u>\$ 9,528,492</u>

Coronado Unified School District
Balance Sheet – Governmental Funds
June 30, 2021

	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	\$ 7,629,730	\$ 9,639,446	\$ 6,568,127	\$ 3,222,562	\$ 27,059,865
Restricted assets - pension trust	3,335,035	-	-	-	3,335,035
Receivables	2,838,052	8,616	704,282	841,320	4,392,270
Due from other funds	1,593,287	2,622,486	85,564	22,937	4,324,274
Stores inventories	-	-	-	5,473	5,473
Total assets	\$ 15,396,104	\$ 12,270,548	\$ 7,357,973	\$ 4,092,292	\$ 39,116,917
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 2,822,641	\$ -	\$ 208,769	\$ 68,228	\$ 3,099,638
Due to other funds	2,725,746	1,141,107	4,022	493,866	4,364,741
Unearned revenue	367,166	-	-	-	367,166
Total liabilities	5,915,553	1,141,107	212,791	562,094	7,831,545
Fund Balances					
Nonspendable	10,000	-	-	6,073	16,073
Restricted	4,669,640	6,962,844	6,973,837	2,950,919	21,557,240
Assigned	2,324,514	4,166,597	171,345	573,206	7,235,662
Unassigned	2,476,397	-	-	-	2,476,397
Total fund balances	9,480,551	11,129,441	7,145,182	3,530,198	31,285,372
Total liabilities and fund balances	\$ 15,396,104	\$ 12,270,548	\$ 7,357,973	\$ 4,092,292	\$ 39,116,917

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

Total Fund Balance - Governmental Funds		\$ 31,285,372
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	\$ 152,107,089	
Accumulated depreciation is	<u>(64,537,251)</u>	
Net capital assets		87,569,838
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.		(78,266)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Debt refundings (deferred charge on refunding)	114,809	
Other postemployment benefits (OPEB) liability	730,000	
Aggregate net pension liability	<u>10,115,180</u>	
Total deferred outflows of resources		10,959,989
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		
Other postemployment benefits (OPEB) liability	(764,112)	
Aggregate net pension liability	<u>(1,382,304)</u>	
Total deferred inflows of resources		(2,146,416)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(41,301,343)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(6,875,686)
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	(6,290,000)	
Unamortized premium on bonds	(661,901)	
Certificates of participation	(6,565,000)	
Unamortized premium on certificates of participation	(183,742)	
Lease purchase agreement	(11,535,032)	
Supplemental early retirement plan	(201,273)	
Compensated absences (vacations)	<u>(175,336)</u>	
Total long-term liabilities		<u>(25,612,284)</u>
Total net position - governmental activities		<u>\$ 53,801,204</u>

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

	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	\$ 26,779,436	\$ -	\$ -	\$ -	\$ 26,779,436
Federal sources	5,335,776	-	-	841,623	6,177,399
Other State sources	4,686,020	-	-	907,079	5,593,099
Other local sources	4,378,025	2,726,383	1,208,826	2,728,621	11,041,855
Total revenues	41,179,257	2,726,383	1,208,826	4,477,323	49,591,789
Expenditures					
Current					
Instruction	25,675,233	-	-	373,718	26,048,951
Instruction-related activities					
Supervision of instruction	444,585	-	-	61,698	506,283
Instructional library, media, and technology	904,842	-	-	-	904,842
School site administration	2,945,812	-	-	256,061	3,201,873
Pupil services					
Home-to-school transportation	184,383	-	-	-	184,383
Food services	4,380	-	-	638,156	642,536
All other pupil services	2,695,382	-	-	7,466	2,702,848
Administration					
All other administration	2,415,949	-	-	29,148	2,445,097
Plant services	3,658,431	-	1,954,360	213,467	5,826,258
Ancillary services	428,000	-	-	570,652	998,652
Community services	335,378	-	-	491,143	826,521
Other outgo	22,786	-	-	-	22,786
Enterprise services	9,788	-	-	-	9,788
Facility acquisition and construction	42,448	-	1,034,687	-	1,077,135
Debt service					
Principal	-	-	464,968	1,130,000	1,594,968
Interest and other	-	-	315,945	493,692	809,637
Total expenditures	39,767,397	-	3,769,960	4,265,201	47,802,558
Excess (Deficiency) of Revenues Over Expenditures	1,411,860	2,726,383	(2,561,134)	212,122	1,789,231
Other Financing Sources (Uses)					
Transfers in	1,138,355	-	-	212,950	1,351,305
Transfers out	(1,883)	(1,349,422)	-	-	(1,351,305)
Net Financing Sources (Uses)	1,136,472	(1,349,422)	-	212,950	-
Net Change in Fund Balances	2,548,332	1,376,961	(2,561,134)	425,072	1,789,231
Fund Balance - Beginning, as restated	6,932,219	9,752,480	9,706,316	3,105,126	29,496,141
Fund Balance - Ending	\$ 9,480,551	\$ 11,129,441	\$ 7,145,182	\$ 3,530,198	\$ 31,285,372

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, 2021

Total Net Change in Fund Balances - Governmental Funds	\$ 1,789,231
--	--------------

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

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

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

Depreciation expense	\$ (4,014,675)	
Capital outlays	<u>1,083,786</u>	
Net expense adjustment		(2,930,889)

In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) and special termination benefits (early retirements) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, there were \$201,273 in special termination benefits paid. Vacation earned was more than the amount used by \$17,138

184,135

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.

(2,875,308)

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.

(417,720)

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	790,000
Certificates of participation	340,000
Capital leases	464,968

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, 2021

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

Amortization of premium on issuance	\$ 137,551
Amortization of deferred charge on refunding	(28,703)

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.

7,533

Change in net position of governmental activities

\$ (2,539,202)

Coronado Unified School District
Statement of Net Position – Proprietary Funds
June 30, 2021

	Business-Type Activities - <u>Enterprise Fund</u> Preschool <u>Enterprise Fund</u>
Assets	
Current assets	
Deposits and investments	\$ 209,563
Receivables	16,807
Due from other funds	<u>66,936</u>
Total assets	<u>293,306</u>
Deferred Outflows of Resources	
Deferred outflows of resources related to pensions	<u>65,183</u>
Liabilities	
Current liabilities	
Accounts payable	9,606
Due to other funds	<u>26,469</u>
Total current liabilities	<u>36,075</u>
Noncurrent liabilities	
Net pension liability	<u>418,558</u>
Deferred Inflows of Resources	
Deferred inflows of resources related to pensions	<u>8,336</u>
Net Position	
Unrestricted (Deficit)	<u><u>\$ (104,480)</u></u>

Coronado Unified School District
Statement of Revenues, Expenses, and Change in Fund Net Position – Proprietary Funds
Year Ended June 30, 2021

	Business-Type Activities - <u>Enterprise Fund</u> Preschool <u>Enterprise Fund</u>
Operating Revenues	
Other local revenue	\$ 152,252
Operating Expenses	
Payroll costs	40,706
Supplies and materials	6,348
Facility rental	107
Other operating cost	18,585
Total operating expenses	65,746
Operating Income	86,506
Nonoperating Revenues	
State and local grants	2,644
Fair market value adjustments	871
Interest income	2,448
Total nonoperating revenues	5,963
Change in Net Position	92,469
Total Net Position (Deficit) - Beginning	(196,949)
Total Net Position (Deficit) - Ending	\$ (104,480)

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

	Business-Type Activities - <u>Enterprise Fund</u> Preschool <u>Enterprise Fund</u>
Operating Activities	
Cash receipts from customers	\$ 135,445
Cash receipts from interfund services provided	91,246
Cash payments to employees for services	(199,402)
Cash payments to other suppliers of goods or services	1,371
Cash payments for other operating expenses	<u>(18,692)</u>
Net Cash Provided by Operating Activities	<u>9,968</u>
Noncapital Financing Activities	
Nonoperating grants received	<u>2,644</u>
Investing Activities	
Interest on investments	<u>3,319</u>
Net Change in Cash and Cash Equivalents	15,931
Cash and Cash Equivalents, Beginning	<u>193,632</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 209,563</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 86,506
Changes in assets and liabilities	
Receivables	(16,807)
Due from other fund	91,246
Deferred outflows of resources	62,877
Accounts payable	7,719
Due to other fund	(11,594)
Deferred inflow of resources	(25,362)
Aggregate net pension liability	<u>(184,617)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 9,968</u></u>

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 \$4,673,631.

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 financial transactions related to the preschool 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 and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities. 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 entity-wide statements.

Cash and Cash Equivalents

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

Investments

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of 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, 2021, the balance of the trust was \$3,335,035.

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 and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$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.

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 capital leases, and other long-term liabilities are recognized as liabilities in the governmental fund financial statements when due.

Debt Issuance Costs, Premiums, and Discounts

In the government-wide financial statements and in the proprietary fund type financial statements, long-term 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. The deferred charge on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate to pension contributions subsequent to measurement date, differences between contributions made and the District's proportionate share of contributions, differences between expected and actual earnings on investments, changes of assumptions, and differences between expected and actual experiences.

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 for pension related items, and for OPEB related items. The deferred amounts related to pension and OPEB relate to differences between contributions made and the District's proportionate share of contributions, differences between expected and actual experiences, and changes of assumptions.

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

Fund Balances - Governmental Funds

As of June 30, 2021, fund balances of the governmental funds are classified as follows:

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

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

Committed - amounts that can be used only for specific purposes determined by 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 \$14,632,638 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. 84

As of July 1, 2020, the District adopted GASB Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the District resulted in a reclassification of the District's student body activities from fiduciary to governmental. The effect of the implementation of this standard on beginning fund balance and net position is disclosed in Note 17.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental funds	\$ 27,059,865
Business-type activities	209,563
Component unit - Coronado Schools Foundation	<u>9,869,210</u>
Total deposits and investments	<u><u>\$ 37,138,638</u></u>

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

Cash on hand and in banks	\$ 1,144,545
Cash in revolving	10,600
Investments	<u>35,983,493</u>
Total deposits and investments	<u><u>\$ 37,138,638</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 \$26,751,483 with San Diego County Treasury Investment Pool that has an average weighted maturity of 613 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, 2021.

Coronado Schools Foundation Investments

Investments are reported at fair value and consist of the following at June 30, 2021:

	<u>Cost</u>	<u>Fair Value</u>
Stock Mutual Funds	\$ 3,518,515	\$ 6,353,053
Bond Mutual Funds	<u>2,836,783</u>	<u>2,878,957</u>
	<u>\$ 6,355,298</u>	<u>\$ 9,232,010</u>

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, 2021, the District's bank balance of \$1,039,183 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, 2021:

Investment Type	Reported Amount	Fair Value Measurements Using Level 1 Inputs
Stock Mutual Funds*	\$ 6,353,053	\$ 6,353,053
Bond Mutual Funds*	2,878,957	2,878,957
Total	<u>\$ 9,232,010</u>	<u>\$ 9,232,010</u>

* Investments held by the component unit – Coronado Schools Foundation

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

Note 4 - Receivables

Receivables at June 30, 2021, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Non-Major Governmental Funds	Total	Proprietary Funds
Federal Government						
Categorical aid	\$ 809,046	\$ -	\$ -	\$ 214,488	\$ 1,023,534	\$ -
State Government						
Categorical aid	1,198,743	-	-	198,799	1,397,542	-
Lottery	204,028	-	-	-	204,028	-
Local Government						
Interest	344	8,616	14,991	2,998	26,949	115
Other local sources	625,891	-	689,291	425,035	1,740,217	16,692
Total	<u>\$ 2,838,052</u>	<u>\$ 8,616</u>	<u>\$ 704,282</u>	<u>\$ 841,320</u>	<u>\$ 4,392,270</u>	<u>\$ 16,807</u>

Note 5 - Capital Assets

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

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	<u>\$ 532,869</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 532,869</u>
Capital assets being depreciated				
Land improvements	20,025,899	81,113	-	20,107,012
Buildings and improvements	126,166,300	605,758	-	126,772,058
Furniture and equipment	<u>4,298,235</u>	<u>396,915</u>	<u>-</u>	<u>4,695,150</u>
Total capital assets being depreciated	<u>150,490,434</u>	<u>1,083,786</u>	<u>-</u>	<u>151,574,220</u>
Total capital assets	<u>151,023,303</u>	<u>1,083,786</u>	<u>-</u>	<u>152,107,089</u>
Accumulated depreciation				
Land improvements	(13,737,197)	(947,144)	-	(14,684,341)
Buildings and improvements	(43,310,118)	(2,789,338)	-	(46,099,456)
Furniture and equipment	<u>(3,475,261)</u>	<u>(278,193)</u>	<u>-</u>	<u>(3,753,454)</u>
Total accumulated depreciation	<u>(60,522,576)</u>	<u>(4,014,675)</u>	<u>-</u>	<u>(64,537,251)</u>
Governmental activities capital assets, net	<u>\$ 90,500,727</u>	<u>\$ (2,930,889)</u>	<u>\$ -</u>	<u>\$ 87,569,838</u>

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

Note 6 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2021, between major and non-major governmental funds, 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	\$ -	\$ 1,138,355	\$ -	\$ 428,463	\$ 26,469	\$ 1,593,287
Special Reserve Fund for Capital Outlay Projects	2,622,486	-	-	-	-	2,622,486
Capital Project Fund for Blended Component Units	82,812	2,752	-	-	-	85,564
Non-Major Governmental Funds	18,915	-	4,022	-	-	22,937
Preschool Enterprise Fund	1,533	-	-	65,403	-	66,936
Total	<u>\$ 2,725,746</u>	<u>\$ 1,141,107</u>	<u>\$ 4,022</u>	<u>\$ 493,866</u>	<u>\$ 26,469</u>	<u>\$ 4,391,210</u>

The balance of \$2,622,486 due to the Special Reserve Fund for Capital Outlay Projects from the General Fund resulted from redevelopment agency funds.

The balance of \$82,812 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 \$1,138,355 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 \$135,729 due to the General Fund from the Child Development Non-Major Governmental Fund is for reimbursement of program support costs.

A balance of \$254,413 due to the General Fund from the Foundation Special Reserve Non-Major Governmental Fund is for indirects and payroll support costs.

The balance of \$65,403 due to the Preschool Enterprise Fund from the Child Development Non-Major Governmental Fund is for reimbursement of program 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, 2021, consisted of the following:

Transfer To	Transfer From		Total
	General Fund	Special Reserve Fund for Capital Outlay Projects	
General Fund	\$ -	\$ 1,138,355	\$ 1,138,355
Non-Major Governmental Funds	1,883	211,067	212,950
Total	<u>\$ 1,883</u>	<u>\$ 1,349,422</u>	<u>\$ 1,351,305</u>

The General Fund transferred to the Cafeteria Non-Major Governmental Fund for program contribution.

\$ 1,883

The Special Reserve Fund for Capital Outlay Projects transferred to the General Fund for reimbursement of project and maintenance costs.

1,138,355

The Special Reserve Fund for Capital Outlay Projects transferred to the Capital Facilities Non-Major Governmental Fund for reimbursement of project and maintenance costs.

211,067

Total

\$ 1,351,305

Note 7 - Accounts Payable

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

	General Fund	Capital Project Fund for Blended Component Units	Non-Major Governmental Funds	Total	Proprietary Funds
Salaries and benefits	\$ 857,583	\$ -	\$ 33,746	\$ 891,329	\$ 7,082
LCFF apportionment	1,067,279	-	-	1,067,279	-
Supplies	504,415	2,458	26,193	533,066	82
Services	344,191	32,022	6,466	382,679	2,442
Capital outlay	-	170,164	-	170,164	-
Other vendor payables	49,173	4,125	1,823	55,121	-
Total	<u>\$ 2,822,641</u>	<u>\$ 208,769</u>	<u>\$ 68,228</u>	<u>\$ 3,099,638</u>	<u>\$ 9,606</u>

Note 8 - Unearned Revenue

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

	General Fund
Federal financial assistance	\$ 120,223
State categorical aid	240,615
Other local	6,328
Total	<u>\$ 367,166</u>

Note 9 - 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, 2020	Additions	Deductions	Balance June 30, 2021	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 7,080,000	\$ -	\$ (790,000)	\$ 6,290,000	\$ 845,000
Premium on issuance	786,008	-	(124,107)	661,901	-
Certificates of participation	6,905,000	-	(340,000)	6,565,000	355,000
Premium on issuance	197,186	-	(13,444)	183,742	-
Lease purchase agreement	12,000,000	-	(464,968)	11,535,032	474,658
Supplemental early retirement plan	402,546	-	(201,273)	201,273	201,273
Compensated absences	158,198	17,138	-	175,336	-
Total	<u>\$ 27,528,938</u>	<u>\$ 17,138</u>	<u>\$ (1,933,792)</u>	<u>\$ 25,612,284</u>	<u>\$ 1,875,931</u>

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 lease purchase agreement will be paid by the Capital Project Fund for Blended Component Units with lease revenues as disclosed in Note 12. The supplemental early retirement plan is 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.

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, 2021, the principal balance outstanding on the 2012 General Obligation Bonds was \$6,290,000 and unamortized premium received on issuance of the bonds amounted to \$661,901.

Debt Service Requirements to Maturity

The bonds mature through 2027 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2022	\$ 845,000	\$ 253,850	\$ 1,098,850
2023	900,000	216,100	1,116,100
2024	975,000	180,625	1,155,625
2025	1,020,000	144,500	1,164,500
2026	1,245,000	92,550	1,337,550
2027	1,305,000	31,050	1,336,050
Total	<u>\$ 6,290,000</u>	<u>\$ 918,675</u>	<u>\$ 7,208,675</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, 2021, the principal balance outstanding was \$6,565,000 and unamortized premium received on issuance of the certificates amounted to \$183,742.

The certificates mature through 2036, as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 355,000	\$ 191,744	\$ 546,744
2023	365,000	177,344	542,344
2024	380,000	164,344	544,344
2025	390,000	152,794	542,794
2026	405,000	142,641	547,641
2027-2031	2,165,000	546,900	2,711,900
2032-2036	2,505,000	197,938	2,702,938
Total	<u>\$ 6,565,000</u>	<u>\$ 1,573,705</u>	<u>\$ 8,138,705</u>

Lease Purchase Agreement

On June 1, 2020, the District entered into a lease purchase agreement with 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, 2021, the principal balance remaining totaled \$11,535,032.

The lease purchase agreement has future lease payments as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 474,658	\$ 306,254	\$ 780,912
2023	487,260	293,653	780,913
2024	500,196	280,716	780,912
2025	513,477	267,436	780,913
2026	527,110	253,803	780,913
2027-2031	2,853,050	1,051,514	3,904,564
2032-2036	3,252,444	652,119	3,904,563
2037-2040	2,926,837	196,814	3,123,651
Total	<u>\$ 11,535,032</u>	<u>\$ 3,302,309</u>	<u>\$ 14,837,341</u>

Supplemental Early Retirement Plan

In 2017, the District offered a supplemental early retirement plan to eligible employees who elected to retire. The benefit was offered to 23 employees who retired on or before June 30, 2017. The District purchased an annuity through United of Omaha for the 23 employees. Benefit payments are scheduled to be paid over five years beginning July 1, 2017. Future payments are as follows:

Year Ending June 30,	Total Payments
2022	<u>\$ 201,273</u>

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2021, amounted to \$175,336.

Note 10 - Net Other Postemployment Benefit (OPEB) Liability

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

OPEB Plan	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 6,650,425	\$ 730,000	\$ 764,112	\$ 633,481
Medicare Premium Payment (MPP) Program	225,261	-	-	34,307
Total	<u>\$ 6,875,686</u>	<u>\$ 730,000</u>	<u>\$ 764,112</u>	<u>\$ 667,788</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, 2020, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	54
Active employees	<u>314</u>
Total	<u>368</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, 2021, the District paid \$250,068 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of \$6,650,425 was measured as of June 30, 2021, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2020.

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined by applying updated procedures to the financial reporting actuarial valuation as of July 1, 2020 and rolling forward the total OPEB liability to June 30, 2021. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary increases	3.00% average, including inflation
Discount rate	2.19%
Healthcare cost trend rates	4.50% for 2021

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, 2020 valuation were based on the results of an actual experience study for the period July 1, 2019 to June 30, 2020.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2020	\$ 6,714,510
Service cost	466,521
Interest	187,711
Differences between expected and actual experience	(708,940)
Changes of assumptions	240,691
Benefit payments	(250,068)
Net change in total OPEB liability	(64,085)
Balance, June 30, 2021	\$ 6,650,425

Changes of assumptions and other inputs reflect a change in the discount rate from 2.66% in 2020 to 2.19% in 2021.

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

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

Discount Rate	Total OPEB Liability
1% decrease (1.19%)	\$ 7,187,316
Current discount rate (2.19%)	6,650,425
1% increase (3.19%)	6,147,689

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

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

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (3.50%)	\$ 5,873,120
Current healthcare cost trend rate (4.50%)	6,650,425
1% increase (5.50%)	7,567,505

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$633,481. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 104,609	\$ 133,943
Changes of assumptions	625,391	630,169
Total	<u>\$ 730,000</u>	<u>\$ 764,112</u>

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ (20,751)
2023	(20,751)
2024	(20,754)
2025	15,085
2026	21,693
Thereafter	<u>(8,634)</u>
Total	<u>\$ (34,112)</u>

Medicare Premium Payment (MPP) Program

Plan Description

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

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

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2021, the District reported a liability of \$225,261 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.0532%, and 0.0513%, resulting in a net increase in the proportionate share of 0.0019%.

For the year ended June 30, 2021, the District recognized OPEB expense of \$(34,307).

Actuarial Methods and Assumptions

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

Measurement Date	June 30, 2020	June 30, 2019
Valuation Date	June 30, 2019	June 30, 2018
Experience Study	June 30, 2014 through June 30, 2018	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.21%	3.50%
Medicare Part A Premium Cost Trend Rate	4.50%	3.70%
Medicare Part B Premium Cost Trend Rate	5.40%	4.10%

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

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

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

Discount Rate

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

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

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

Discount Rate	Net OPEB Liability
1% decrease (1.21%)	\$ 249,089
Current discount rate (2.21%)	225,261
1% increase (3.21%)	204,985

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 rate, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 204,252
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	225,261
1% increase (5.50% Part A and 6.40% Part B)	249,447

Note 11 - 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	-	-	-	5,473	5,473
Total nonspendable	10,000	-	-	6,073	16,073
Restricted					
Legally restricted programs	1,334,605	6,962,844	6,973,837	1,661,153	16,932,439
Pension trust	3,335,035	-	-	-	3,335,035
Capital projects	-	-	-	24,901	24,901
Debt service	-	-	-	1,264,865	1,264,865
Total restricted	4,669,640	6,962,844	6,973,837	2,950,919	21,557,240
Assigned					
Capital projects	-	4,166,597	171,345	58	4,338,000
Other program balances	2,324,514	-	-	573,148	2,897,662
Total assigned	2,324,514	4,166,597	171,345	573,206	7,235,662
Unassigned					
Reserve for economic uncertainties	1,137,802	-	-	-	1,137,802
Remaining unassigned	1,338,595	-	-	-	1,338,595
Total unassigned	2,476,397	-	-	-	2,476,397
Total	<u>\$ 9,480,551</u>	<u>\$ 11,129,441</u>	<u>\$ 7,145,182</u>	<u>\$ 3,530,198</u>	<u>\$ 31,285,372</u>

Note 12 - Lease Revenues

The District has land held for lease with an estimated cost of \$33,255. Lease agreements have been entered into with various lessees for terms that exceed one year. None of the agreements contain purchase options. All of the agreements contain a termination clause providing for the cancellation after a specified number of days written notice to lessors but is unlikely that the District will cancel any of the agreements prior to their expiration date. The future minimum lease payments expected to be received under these agreements are as follows:

Year Ending June 30,	Lease Revenue
2022	\$ 313,571
2023	319,017
2024	277,755
2025	277,755
2026	277,755
2027-2031	1,410,994
2032	165,264
Total	<u>\$ 3,042,111</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, 2021, the District contracted with the San Diego County Schools Risk Management (SDCSRM) 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 2021, the District participated in the San Diego County Schools Risk Management (SDCSRM), an insurance purchasing pool. The intent of the SDCSR is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the SDCSR. 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 SDCSR. 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 SDCSR. Participation in the SDCSR is limited to districts that can meet the SDCSR 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, 2021, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 29,562,609	\$ 8,006,895	\$ 1,220,957	\$ 4,158,601
CalPERS	12,157,292	2,173,468	169,683	2,333,974
Total	<u>\$ 41,719,901</u>	<u>\$ 10,180,363</u>	<u>\$ 1,390,640</u>	<u>\$ 6,492,575</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

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

Benefits Provided

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

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

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

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

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

Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In 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, 2021, are presented above and the District's total contributions were \$2,643,239.

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

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share

Proportionate share of net pension liability	\$ 29,562,609
State's proportionate share of the net pension liability	<u>15,239,528</u>
Total	<u><u>\$ 44,802,137</u></u>

The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.0305% and 0.0290%, resulting in a net increase in the proportionate share of 0.0015%.

For the year ended June 30, 2021, the District recognized pension expense of \$4,158,601. In addition, the District recognized pension expense and revenue of \$2,134,908 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,643,239	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,726,481	387,240
Differences between projected and actual earnings on pension plan investments	702,238	-
Differences between expected and actual experience in the measurement of the total pension liability	52,164	833,717
Changes of assumptions	<u>2,882,773</u>	<u>-</u>
Total	<u><u>\$ 8,006,895</u></u>	<u><u>\$ 1,220,957</u></u>

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

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ (428,501)
2023	239,266
2024	477,361
2025	414,112
	<hr/>
Total	<u>\$ 702,238</u>

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ 944,439
2023	849,147
2024	1,095,233
2025	192,379
2026	192,270
Thereafter	166,993
	<hr/>
Total	<u>\$ 3,440,461</u>

Actuarial Methods and Assumptions

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2020, are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. 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:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.10%)	\$ 44,664,984
Current discount rate (7.10%)	29,562,609
1% increase (8.10%)	17,093,471

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

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

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

Benefits Provided

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

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

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	20.700%	20.700%

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, 2021, are presented above and the total District contributions were \$1,121,130.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$ 12,157,292. The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.0396% and 0.0381%, resulting in a net increase in the proportionate share of 0.0015%.

For the year ended June 30, 2021, the District recognized pension expense of \$2,333,974. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,121,130	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	151,718	169,683
Differences between projected and actual earnings on pension plan investments	253,075	-
Differences between expected and actual experience in the measurement of the total pension liability	602,964	-
Changes of assumptions	44,581	-
Total	<u>\$ 2,173,468</u>	<u>\$ 169,683</u>

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ (94,707)
2023	84,475
2024	146,831
2025	116,476
Total	<u>\$ 253,075</u>

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ 307,365
2023	248,927
2024	68,447
2025	4,841
Total	<u>\$ 629,580</u>

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 17,478,324
Current discount rate (7.15%)	12,157,292
1% increase (8.15%)	7,741,102

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 \$1,724,662 (10.328% 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, 2021.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2021.

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 (SDCSRM) 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, 2021, the District made payments totaling \$934,765 to SDSCSRM for annual premiums related to workers' compensation and property and liability coverages.

Note 17 - Restatement of Prior Year Net Position and Fund Balance

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

	Non-Major Governmental Funds	Total Governmental Funds
Beginning Fund Balance previously reported at June 30, 2020	\$ 2,809,735	\$ 29,200,750
Reclassification of student activity from agency funds to a special revenue fund	<u>295,391</u>	<u>295,391</u>
Net Position - Beginning as restated July 1, 2020	<u><u>\$ 3,105,126</u></u>	<u><u>\$ 29,496,141</u></u>
Government-Wide Financial Statements		
Beginning Government-Wide Net Position previously reported at June 30, 2020		\$ 56,045,015
Reclassification of student activity from agency funds to a special revenue fund		<u>295,391</u>
Fund Balance - Beginning as restated July 1, 2020		<u><u>\$ 56,340,406</u></u>



Required Supplementary Information
June 30, 2021

Coronado Unified School District

Coronado Unified School District
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 24,680,392	\$ 26,779,097	\$ 26,779,436	\$ 339
Federal sources	3,274,803	5,331,272	5,335,776	4,504
Other State sources	3,013,308	4,289,559	4,686,020	396,461
Other local sources	3,961,149	3,431,522	4,378,025	946,503
Total revenues ¹	34,929,652	39,831,450	41,179,257	1,347,807
Expenditures				
Current				
Certificated salaries	16,477,311	16,190,635	16,416,867	(226,232)
Classified salaries	5,898,693	5,570,564	5,631,327	(60,763)
Employee benefits	11,720,172	11,437,317	10,564,759	872,558
Books and supplies	1,135,730	2,232,207	2,202,727	29,480
Services and operating expenditures	6,032,160	5,415,345	4,914,797	500,548
Other outgo	(27,003)	(27,458)	(429)	(27,029)
Capital outlay	-	23,000	37,349	(14,349)
Total expenditures ¹	41,237,063	40,841,610	39,767,397	1,074,213
Excess (Deficiency) of Revenues Over Expenditures	(6,307,411)	(1,010,160)	1,411,860	2,422,020
Other Financing Sources (Uses)				
Transfers in	6,308,411	1,011,160	1,138,355	127,195
Transfers out	-	-	(1,883)	(1,883)
Net financing sources (uses)	6,308,411	1,011,160	1,136,472	125,312
Net Change in Fund Balances	1,000	1,000	2,548,332	2,547,332
Fund Balance - Beginning	6,932,219	6,932,219	6,932,219	-
Fund Balance - Ending	\$ 6,933,219	\$ 6,933,219	\$ 9,480,551	\$ 2,547,332

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, 2021

	2011	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 466,521	\$ 340,563	\$ 336,724	\$ 361,764
Interest	187,711	211,971	202,826	173,351
Difference between expected and actual experience	(708,940)	134,497	-	-
Changes of assumptions	240,691	528,997	(46,262)	(250,848)
Benefit payments	(250,068)	(430,839)	(385,415)	(367,083)
Net change in total OPEB liability	(64,085)	785,189	107,873	(82,816)
Total OPEB Liability - Beginning	6,714,510	5,929,321	5,821,448	5,904,264
Total OPEB Liability - Ending	<u>\$ 6,650,425</u>	<u>\$ 6,714,510</u>	<u>\$ 5,929,321</u>	<u>\$ 5,821,448</u>
Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Total OPEB Liability as a Percentage of Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Measurement Date	June 30, 2021	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, 2021

Year ended June 30,	2021	2020	2019	2018
Proportion of the net OPEB liability	0.0532%	0.0513%	0.0504%	0.0507%
Proportionate share of the net OPEB liability	\$ 225,261	\$ 190,954	\$ 192,823	\$ 213,479
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

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

	2021	2020	2019	2018	2017	2016	2015
CalSTRS							
Proportion of the net pension liability	0.0305%	0.0290%	0.0281%	0.0280%	0.0281%	0.0300%	0.0310%
Proportionate share of the net pension liability	\$ 29,562,609	\$ 26,179,216	\$ 25,794,803	\$ 25,920,377	\$ 22,740,043	\$ 20,162,554	\$ 18,330,756
State's proportionate share of the net pension liability	15,239,528	14,282,510	14,768,731	15,334,276	12,947,406	10,663,739	10,723,617
Total	<u>\$ 44,802,137</u>	<u>\$ 40,461,726</u>	<u>\$ 40,563,534</u>	<u>\$ 41,254,653</u>	<u>\$ 35,687,449</u>	<u>\$ 30,826,293</u>	<u>\$ 29,054,373</u>
Covered payroll	<u>\$ 16,656,409</u>	<u>\$ 15,480,928</u>	<u>\$ 14,741,996</u>	<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>177.48%</u>	<u>169.11%</u>	<u>174.97%</u>	<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>72%</u>	<u>73%</u>	<u>71%</u>	<u>69%</u>	<u>70%</u>	<u>74%</u>	<u>77%</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS							
Proportion of the net pension liability	0.0396%	0.0381%	0.0367%	0.0403%	0.0423%	0.0380%	0.0410%
Proportionate share of the net pension liability	\$ 12,157,292	\$ 11,113,158	\$ 9,788,903	\$ 9,617,863	\$ 8,355,567	\$ 5,582,365	\$ 4,634,375
Covered payroll	<u>\$ 5,662,370</u>	<u>\$ 5,034,819</u>	<u>\$ 4,659,775</u>	<u>\$ 4,944,032</u>	<u>\$ 4,973,409</u>	<u>\$ 4,189,082</u>	<u>4,285,370</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>214.70%</u>	<u>220.73%</u>	<u>210.07%</u>	<u>194.53%</u>	<u>168.00%</u>	<u>133.26%</u>	<u>108.14%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>70%</u>	<u>71%</u>	<u>72%</u>	<u>74%</u>	<u>79%</u>	<u>83%</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

Coronado Unified School District
Schedule of District's Contributions
Year Ended June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
CalSTRS							
Contractually required contribution	\$ 2,643,239	\$ 2,848,246	\$ 2,520,295	\$ 2,127,270	\$ 1,861,258	\$ 1,533,630	\$ 1,190,236
Less contributions in relation to the contractually required contribution	<u>2,643,239</u>	<u>2,848,246</u>	<u>2,520,295</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 16,366,805</u>	<u>\$ 16,656,409</u>	<u>\$ 15,480,928</u>	<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>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
CalPERS							
Contractually required contribution	\$ 1,121,130	\$ 1,116,676	\$ 909,389	\$ 723,663	\$ 686,726	\$ 589,349	\$ 493,055
Less contributions in relation to the contractually required contribution	<u>1,121,130</u>	<u>1,116,676</u>	<u>909,389</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 5,416,087</u>	<u>\$ 5,662,370</u>	<u>\$ 5,034,819</u>	<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>20.700%</u>	<u>19.721%</u>	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

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

Note 1 - Purpose of Schedules

Budgetary Comparison 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.

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 2.66% in 2020 to 2.19% in 2021.

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

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

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 3.50% to 2.21% 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 either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of 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, 2021

Coronado Unified School District

Coronado Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Treasury			
COVID-19 Coronavirus Relief Fund: Learning Loss Mitigation	21.019	25516	\$ 908,796
Total U.S. Department of Treasury			<u>908,796</u>
U.S. Department of Education			
Impact Aid	84.041	[1]	<u>1,777,976</u>
Passed Through California Department of Education (CDE)			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	173,444
Title II, Part A, Supporting Effective Instruction	84.367	14341	<u>29,008</u>
Subtotal			<u>202,452</u>
Passed Through South County SELPA			
Special Education (IDEA) Cluster			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	552,523
Preschool Grants, Part B, Sec 619	84.173	13430	9,582
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	34,517
Preschool Staff Development, Part B, Sec 619	84.173A	13431	<u>112</u>
Total Special Education (IDEA) Cluster			<u>596,734</u>
Education Stabilization Fund (ESF)			
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	121,045
Total U.S. Department of Education			<u>2,698,207</u>
U.S. Department of Defense			
Impact Aid	12.558	[1]	<u>1,256,659</u>
Support for Student Achievement at Military Connected Schools			
Support for Student Achievement at Military Connected Schools/SPED: Project Arts for Learning	12.556	[1]	318,618
Support for Student Achievement at Military Connected Schools/SPED: Project STEM READ	12.556	[1]	<u>153,496</u>
Subtotal Support for Student Achievement at Military Connected Schools			<u>472,114</u>
Total U.S. Department of Defense			<u>1,728,773</u>
U.S. Department of Agriculture			
Passed Through CDE			
Child Nutrition Cluster			
School Lunch - Section 4	10.555	13523	60,642
School Lunch - Section 11	10.555	13524	456,260
Basic School Breakfast Program	10.553	13525	272,695
Supplemental Food	10.555	13391	<u>22,810</u>
Total Child Nutrition Cluster			<u>812,407</u>
Total U.S. Department of Agriculture			<u>812,407</u>
Total Federal Financial Assistance			<u>\$ 6,148,183</u>

[1] Direct award

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
Lee Pontes	President	2022
Esther Valdes	Vice President	2022
Dr. Helen Anderson-Cruz	Clerk	2022
Whitney Antrim	Member	2024
Stacy Keszei	Member	2024

ADMINISTRATION

Karl Mueller	Superintendent
Donnie Salamanca, CPA	Deputy Superintendent

Coronado Unified School District

Schedule of Instructional Time

Year Ended June 30, 2021

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

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

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

Coronado Unified School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2021

	(Budget) 2022 ¹	2021	2020	2019
General Fund ³				
Revenues	\$ 39,542,021	\$ 41,158,847	\$ 38,591,888	\$ 38,281,954
Other sources	3,643,865	1,138,355	2,477,079	1,991,118
Total revenues and other sources	43,185,886	42,297,202	41,068,967	40,273,072
Expenditures	43,302,204	39,767,397	41,063,477	40,033,736
Other uses	-	1,140,238	4,491	238,335
Total expenditures and other uses	43,302,204	40,907,635	41,067,968	40,272,071
Increase (Decrease) in Fund Balance	(116,318)	1,389,567	999	1,001
Ending Fund Balance	\$ 4,690,602	\$ 4,806,920	\$ 3,417,353	\$ 3,416,354
Available Reserves ²	\$ 4,282,815	\$ 2,476,397	\$ 1,429,428	\$ 1,405,174
Available Reserves as a Percentage of Total Outgo	9.89%	6.05%	3.48%	3.49%
Long-Term Liabilities	N/A	\$ 74,207,871	\$ 71,726,776	\$ 58,612,337
K-12 Average Daily Attendance at P-2	2,958	2,951	2,951	2,942

The General Fund balance has increased by \$1,390,566 over the past two years. The fiscal year 2021-2022 budget projects a decrease of \$116,318 (2.4%). 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 each of the past three years but anticipates incurring an operating deficit during the 2021-2022 fiscal year. Total long-term liabilities have increased by \$15,595,534 over the past two years.

Average daily attendance has increased by 9 over the past two years. ADA is anticipated to remain about the same during fiscal year 2021-2022.

¹ Budget 2022 is included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund 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, 2021

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Foundation Special Reserve Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Foundation Permanent Fund	Total Non-Major Governmental Funds
Assets										
Deposits and investments	\$ 146,450	\$ 199,174	\$ 91,843	\$ 498,995	\$ 634,347	\$ 68,501	\$ 13,911	\$ 1,264,865	\$ 304,476	\$ 3,222,562
Receivables	-	19,271	161,346	234,599	1,092	407,506	16,981	-	525	841,320
Due from other funds	-	8,594	-	4,346	-	9,997	-	-	-	22,937
Stores inventories	-	-	-	5,473	-	-	-	-	-	5,473
Total assets	\$ 146,450	\$ 227,039	\$ 253,189	\$ 743,413	\$ 635,439	\$ 486,004	\$ 30,892	\$ 1,264,865	\$ 305,001	\$ 4,092,292
Liabilities and Fund Balances										
Liabilities										
Accounts payable	\$ -	\$ 3,116	\$ 4,675	\$ 30,052	\$ -	\$ 30,385	\$ -	\$ -	\$ -	\$ 68,228
Due to other funds	-	21,885	201,132	10,503	-	254,413	5,933	-	-	493,866
Total liabilities	-	25,001	205,807	40,555	-	284,798	5,933	-	-	562,094
Fund Balances										
Nonspendable	-	-	-	6,073	-	-	-	-	-	6,073
Restricted	146,450	127,501	45,000	694,712	141,688	200,801	24,901	1,264,865	305,001	2,950,919
Assigned	-	74,537	2,382	2,073	493,751	405	58	-	-	573,206
Total fund balances	146,450	202,038	47,382	702,858	635,439	201,206	24,959	1,264,865	305,001	3,530,198
Total liabilities and fund balances	\$ 146,450	\$ 227,039	\$ 253,189	\$ 743,413	\$ 635,439	\$ 486,004	\$ 30,892	\$ 1,264,865	\$ 305,001	\$ 4,092,292

Coronado Unified School District

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

Year Ended June 30, 2021

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Foundation Special Reserve Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Foundation Permanent Fund	Total Non-Major Governmental Funds
Revenues										
Federal sources	\$ -	\$ -	\$ 29,216	\$ 812,407	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 841,623
Other State sources	-	225,472	502,229	177,569	-	-	-	1,809	-	907,079
Other local sources	421,711	4,675	5,149	7,356	11,268	895,802	200,885	1,176,257	5,518	2,728,621
Total revenues	421,711	230,147	536,594	997,332	11,268	895,802	200,885	1,178,066	5,518	4,477,323
Expenditures										
Current										
Instruction	-	23,582	350,136	-	-	-	-	-	-	373,718
Instruction-related activities										
Supervision of instruction	-	60,223	-	-	-	-	-	-	1,475	61,698
School site administration	-	130,558	125,503	-	-	-	-	-	-	256,061
Pupil services										
Food services	-	-	-	638,156	-	-	-	-	-	638,156
All other pupil services	-	-	7,466	-	-	-	-	-	-	7,466
Administration										
All other administration	-	9,028	14,187	-	-	-	5,933	-	-	29,148
Plant services	-	-	7,704	-	-	203,573	2,190	-	-	213,467
Ancillary services	570,652	-	-	-	-	-	-	-	-	570,652
Community services	-	-	-	-	-	491,143	-	-	-	491,143
Debt service										
Principal	-	-	-	-	-	-	340,000	790,000	-	1,130,000
Interest and other	-	-	-	-	-	-	205,642	288,050	-	493,692
Total expenditures	570,652	223,391	504,996	638,156	-	694,716	553,765	1,078,050	1,475	4,265,201
Excess (Deficiency) of Revenues Over Expenditures	(148,941)	6,756	31,598	359,176	11,268	201,086	(352,880)	100,016	4,043	212,122
Other Financing Sources										
Transfers in	-	-	-	1,883	-	-	211,067	-	-	212,950
Net Change in Fund Balances	(148,941)	6,756	31,598	361,059	11,268	201,086	(141,813)	100,016	4,043	425,072
Fund Balance - Beginning, as restated	295,391	195,282	15,784	341,799	624,171	120	166,772	1,164,849	300,958	3,105,126
Fund Balance - Ending	\$ 146,450	\$ 202,038	\$ 47,382	\$ 702,858	\$ 635,439	\$ 201,206	\$ 24,959	\$ 1,264,865	\$ 305,001	\$ 3,530,198

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, 2021. 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 Coronado Unified School 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 Coronado Unified School District.

Summary of Significant Accounting Policies

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

Indirect Cost Rate

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

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2021, the District did not have 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 Child Care Development Block Grant funds that have been recorded in the current period as revenues that have not been expended as of June 30, 2021. These unspent balances are reported as legally restricted ending balances within the Child Development Fund.

Description	Federal Financial Assistance Listing/Federal CFDA Number	Amount
Total Federal Revenues reported on the financial statements		\$ 6,177,399
COVID-19 Child Development: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend		<u>(29,216)</u>
Total Federal Financial Assistance	93.575	<u>\$ 6,148,183</u>

Local Education Agency Organization Structure

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

Schedule of Instructional Time

This schedule presents information on the number of instructional days offered by the District and whether the District complied with the provisions of *Education Code* Section 43504.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances 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, 2021

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 Board of Directors
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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Coronado Unified School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Coronado Unified School District's basic financial statements and have issued our report thereon dated April 13, 2022.

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 1 and 17 to the financial statements, Coronado Unified School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of Coronado Unified School District in a separate letter dated April 13, 2022.

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.

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

Rancho Cucamonga, California
April 13, 2022



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

To the Board of Directors
Coronado Unified School District
Coronado, California

Report on Compliance for Each Major Federal Program

We have audited Coronado Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Coronado Unified School District's major federal programs for the year ended June 30, 2021. Coronado Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Coronado Unified School District's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

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

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

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

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



Rancho Cucamonga, California
April 13, 2022



Independent Auditor's Report on State Compliance

To the Board of Directors
Coronado Unified School District
Coronado, California

Report on State Compliance

We have audited Coronado Unified School District's (the District) compliance with the types of compliance requirements described in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the state laws and regulations listed in the table below for the year ended June 30, 2021.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Compliance Requirements Tested

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

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

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

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

We did not perform District of Choice procedures because the program is not offered by the District.

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

Basis for Qualified Opinion on Attendance and Distance Learning

As described in the accompanying *Schedule of State Compliance Findings and Questioned Costs*, Coronado Unified School District did not comply with requirements regarding *Attendance and Distance Learning*. Compliance with such requirements is necessary, in our opinion, for Coronado Unified School District to comply with the requirements referred to above.

Qualified Opinion on Attendance and Distance Learning

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

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

Unmodified Opinion on Each of the Other Programs

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

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

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

Rancho Cucamonga, California
April 13, 2022



Schedule of Findings and Questioned Costs
June 30, 2021

Coronado Unified School District

Financial Statements

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

Federal Awards

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

Identification of major programs

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing/ Federal CFDA Number</u>
COVID-19 Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019
Child Nutrition Program Cluster	10.553, 10.555, and 10.556
Impact Aid	12.558
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

State Compliance

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

*Unmodified for all programs except for the following program which was qualified:

<u>Name of Program</u>
Attendance and Distance Learning

None reported.

None reported.

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

	Five Digit Code	AB 3627 Finding Type
	10000	Attendance and Distance Learning
2021-001	10000	

Criteria or Specific Requirements

California *Education Code* Section 43504(d) requires that the local educational agency that offers distance learning in fiscal year 2020-2021 must document daily participation on each school day for which distance learning was provided.

Condition

During our testing of the attendance and distance learning, we identified three instances (two 10th graders and one 11th grader) where the daily participation records were not prepared by any teachers for the three students tested.

Questioned Costs

The loss of apportionment was calculated to be \$164 using the California Department of Education's penalty calculator.

Context

It was the District's policy that daily participation was to be documented through the site's attendance system, Synergy. Coronado High School operated block scheduling where each student attended three periods a day. We selected a sample of 25 students and requested daily participation records for all three periods for each of the 25 students selected to test daily participation and noted that in three instances none of the three teachers entered daily participation for the day.

Effect

The errors resulted in three days of noncompliance with the daily participation requirement. Two of the exceptions were 10th graders and one exception was an 11th grader, resulting in a loss of apportionment of \$164.

Cause

The school site tested lacked an internal control process to ensure that all daily participation records were being completed by every teacher for each day where distance learning was provided.

Repeat Finding

No.

Recommendation

While distance learning was a one-year issue, we still recommend that the school site develop internal control procedures to ensure that attendance is submitted by the teachers every day. Such procedures should include follow up with teachers who have not submitted attendance, and necessary corrections to the attendance resulting from such follow up. Ongoing, a lack of such a procedure can have an impact on reported average daily attendance (ADA).

Corrective Action Plan and Views of Responsible Officials

We appreciate the efforts of our staff to ensure the continuity of learning for all students throughout the COVID-19 pandemic despite the myriad of challenges presented by distance learning. The district has established well documented attendance policies and procedures which were in place prior to the pandemic. With a return to normalcy, we recognize the need to provide additional trainings and supports to ensure strict adherence to these procedures, ensuring that teachers are submitting attendance daily.

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



Management
Coronado Unified School District
Coronado, California

In planning and performing our audit of the financial statements of Coronado Unified School District (the District) for the year ended June 30, 2021, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated April 13, 2022, on the government-wide financial statements of the District.

Student Body Activity

Coronado High School

Observation

- Based on the review of the cash receipting procedures, it was noted that seven of 12 receipts tested contained cash collections that were not deposited in a timely manner, resulting in late deposits. The delay in deposits was 12 to 33 days from the dates of receipt. This could result in large cash balances being maintained at the sites, which can hinder the safeguarding of ASB assets.

Recommendation

- At a minimum, deposits should be made weekly to minimize the amount of cash held at the site. During weeks of high cash activity, there may be a need to make more than one deposit. The District should establish and communicate specific guidelines for timely deposit procedures including the maximum cash on hand that should be maintained at the site.

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

A handwritten signature in black ink that reads "Eide Bailly LLP".

Rancho Cucamonga, California
April 13, 2022