



Financial Statements
June 30, 2022

Coronado Unified School District

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Independent Auditor's Report

Governing Board
Coronado Unified School District
Coronado, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Coronado Unified School District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Notes 1 and 17 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position and fund balances of the General Fund and Capital Project Fund for Blended Component Units as of July 1, 2021, to restate beginning net position and fund balances. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net OPEB liability – MPP program, schedule of the District's proportionate share of the net pension liability, and schedule of the District's contributions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Rancho Cucamonga, California
February 10, 2023

This section of Coronado Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022, with comparative information for the year ending June 30, 2021. 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 the governmental fund financial statements.

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses, and Change in Fund Net Position. In fact, the District's enterprise funds are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

- Total combined net position was \$54,157,431 at June 30, 2022. This was an increase of \$460,707 from the prior year's net position.
- Overall revenues were \$49,375,662 which were exceeded by overall expenses of \$48,914,955.

THE DISTRICT AS A WHOLE

Net Position

The District's net position of governmental activities was \$54,244,090 for the fiscal year ended June 30, 2022. Of this amount, \$(28,981,584) 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	
	2022	2021 As restated	2022	2021	2022	2021 As restated
Assets						
Current and other assets	\$ 36,245,848	\$ 39,493,955	\$ 46,220	\$ 266,837	\$ 36,292,068	\$ 39,760,792
Capital assets	84,967,679	87,569,838	-	-	84,967,679	87,569,838
Total assets	121,213,527	127,063,793	46,220	266,837	121,259,747	127,330,630
Deferred outflows of resources	8,571,389	10,959,989	69,627	65,183	8,641,016	11,025,172
Liabilities						
Current liabilities	2,751,464	3,545,070	3,654	9,606	2,755,118	3,554,676
Long-term liabilities	49,613,525	73,789,313	134,744	418,558	49,748,269	74,207,871
Total liabilities	52,364,989	77,334,383	138,398	428,164	52,503,387	77,762,547
Deferred inflows of resources	23,175,837	6,888,195	64,108	8,336	23,239,945	6,896,531
Net Position						
Net investment in capital assets	66,159,168	69,594,154	-	-	66,159,168	69,594,154
Restricted	16,922,473	14,632,638	-	-	16,922,473	14,632,638
Unrestricted (deficit)	(28,837,551)	(30,425,588)	(86,659)	(104,480)	(28,924,210)	(30,530,068)
Total net position	\$ 54,244,090	\$ 53,801,204	\$ (86,659)	\$ (104,480)	\$ 54,157,431	\$ 53,696,724

The \$(28,981,584) 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	
	2022	2021*	2022	2021	2022	2021*
Revenues						
Program revenues						
Charges for services and sales	\$ 261,104	\$ 303,282	\$ 311,753	\$ 152,252	\$ 572,857	\$ 455,534
Operating grants and contributions	10,368,518	11,499,179	125	2,644	10,368,643	11,501,823
General revenues						
Federal and State aid not restricted	18,156,948	15,193,430	-	-	18,156,948	15,193,430
Property taxes	16,810,689	18,057,198	-	-	16,810,689	18,057,198
Other general revenues	3,470,939	4,946,300	(4,414)	3,319	3,466,525	4,949,619
Total revenues	<u>49,068,198</u>	<u>49,999,389</u>	<u>307,464</u>	<u>158,215</u>	<u>49,375,662</u>	<u>50,157,604</u>
Expenses						
Instruction-related	29,860,171	33,527,732	-	-	29,860,171	33,527,732
Pupil services	4,311,529	3,818,780	-	-	4,311,529	3,818,780
Administration	2,875,093	2,708,415	-	-	2,875,093	2,708,415
Plant services	5,451,131	5,843,816	-	-	5,451,131	5,843,816
All other services	6,174,808	6,639,848	242,223	65,746	6,417,031	6,705,594
Total expenses	<u>48,672,732</u>	<u>52,538,591</u>	<u>242,223</u>	<u>65,746</u>	<u>48,914,955</u>	<u>52,604,337</u>
Transfers	47,420	-	(47,420)	-	-	-
Change in net position	<u>\$ 442,886</u>	<u>\$ (2,539,202)</u>	<u>\$ 17,821</u>	<u>\$ 92,469</u>	<u>\$ 460,707</u>	<u>\$ (2,446,733)</u>

* The revenues and expenses for fiscal year 2021 were not restated to show the effects of GASB 87 for comparative purposes.

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 \$48,672,732. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$16,810,689 because the cost was paid by those who benefited from the programs (\$261,104) or by other governments and organizations who subsidized certain programs with grants and contributions (\$10,368,518). We paid for the remaining "public benefit" portion of our governmental activities with \$21,627,887 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	
	2022	2021*	2022	2021*
Instruction-related	\$ 29,860,171	\$ 33,527,732	\$ (22,991,827)	\$ (25,570,259)
Pupil services	4,311,529	3,818,780	(2,207,924)	(2,285,204)
Administration	2,875,093	2,708,415	(2,688,669)	(2,517,018)
Plant services	5,451,131	5,843,816	(4,898,015)	(4,808,188)
All other services	6,174,808	6,639,848	(5,256,675)	(5,555,461)
Total	\$ 48,672,732	\$ 52,538,591	\$ (38,043,110)	\$ (40,736,130)

* The total and net cost of services for fiscal year 2021 were not restated to show the effects of GASB 87 for comparative purposes.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$29,567,549, a decrease of \$1,717,823 over prior year.

Table 4

Governmental Fund	Balances and Activity			
	June 30, 2021 as restated	Revenues and other financing sources	Expenditures and other financing uses	June 30, 2022
General Fund	\$ 9,480,551	\$ 43,819,366	\$ 44,253,410	\$ 9,046,507
Special Reserve Fund for Capital Outlay Projects	11,129,441	2,480,948	1,861,744	11,748,645
Capital Project Fund for Blended Component Units	7,145,182	813,695	3,172,210	4,786,667
Student Activity Fund	146,450	515,865	502,231	160,084
Adult Education Fund	202,038	475,347	533,352	144,033
Child Development Fund	47,382	500,593	446,876	101,099
Cafeteria Fund	702,858	1,515,672	1,197,424	1,021,106
Deferred Maintenance Fund	635,439	(11,156)	-	624,283
Foundation Special Reserve Fund	201,206	743,843	750,070	194,979
Capital Facilities Fund	24,959	680,859	555,604	150,214
Bond Interest and Redemption Fund	1,264,865	5,865,186	5,836,475	1,293,576
Foundation Permanent Fund	305,001	(5,330)	3,315	296,356
Total	\$ 31,285,372	\$ 57,394,888	\$ 59,112,711	\$ 29,567,549

The primary reasons for these increases/decreases are:

1. Our General Fund is our principal operating fund. The fund balance in the General Fund decreased \$5.5 million to \$9.0 million. This decrease is attributed to a spend-down of one-time monies received during the pandemic to support ongoing instruction.
2. The Capital Project Fund for Blended Component Units, referred locally as the “Facilities for Facilities” Fund decreased by \$2.4 million to \$4.8 million. These funds were used to support capital project, deferred maintenance, and capital project acquisition activities.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 23, 2022. (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 69).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the District had \$84,967,679 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 \$2,602,159.

Table 5

	Governmental Activities	
	2022	2021
Land and construction in progress	\$ 532,869	\$ 532,869
Buildings and improvements	83,322,053	86,095,273
Equipment	1,112,757	941,696
Total	\$ 84,967,679	\$ 87,569,838

This year’s net decrease included \$1.4 million in additions to site 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 \$23,189,704 in long-term liabilities other than OPEB and Pension outstanding versus \$25,612,284 last year. Those obligations consisted of:

Table 6

	Governmental Activities	
	2022	2021
Long-Term Liabilities		
General obligation bonds	\$ 5,637,625	\$ 6,290,000
Premium on issuance	-	661,901
Certificates of participation	6,210,000	6,565,000
Premium on issuance	170,296	183,742
Lease purchase agreement	11,060,374	11,535,032
Supplemental early retirement plan	-	201,273
Compensated absences	111,409	175,336
Total	\$ 23,189,704	\$ 25,612,284

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 10 of the financial statements.

OPEB and Pension Liabilities

At year-end, the District had a total OPEB liability of \$5,345,523 versus \$6,875,686 last year, a decrease of \$1,529,775, or 22.25%.

At year-end, the District has an aggregate net pension liability of \$21,078,298 in the governmental activities and \$134,744 in the business-type activities versus \$41,301,343 and \$418,558 in the previous year. This represents a change of \$(20,223,045), or a decrease of 48.96%, and a change of \$283,814, or a decrease of 67.81%, respectively

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

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

The District participates in state employee pensions plans, PERS and STRS, and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2022. The amount of the liability is material to the financial position of the District. To address the underfunding issues, the pension plans continue to raise employer rates in future years and the increased costs are significant.

All of these factors were considered in preparing the District's budget for the 2022-2023 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, 2022

	Governmental Activities	Business-Type Activities	Total	Coronado Schools Foundation
Assets				
Deposits and investments	\$ 24,406,960	\$ 223,115	\$ 24,630,075	\$ 8,600,767
Restricted assets - pension trust	2,989,872	-	2,989,872	-
Receivables	4,646,651	19,519	4,666,170	34,953
Internal balances	196,414	(196,414)	-	-
Prepaid expense	-	-	-	15,090
Stores inventories	16,369	-	16,369	-
Lease receivables	3,989,582	-	3,989,582	-
Capital assets not depreciated	532,869	-	532,869	-
Capital assets, net of accumulated depreciation	84,434,810	-	84,434,810	13,498
Total assets	<u>121,213,527</u>	<u>46,220</u>	<u>121,259,747</u>	<u>8,664,308</u>
Deferred Outflows of Resources				
Deferred outflows of resources related to OPEB	629,536	-	629,536	-
Deferred outflows of resources related to pensions	7,941,853	69,627	8,011,480	-
Total deferred outflows of resources	<u>8,571,389</u>	<u>69,627</u>	<u>8,641,016</u>	<u>-</u>
Liabilities				
Accounts payable	2,509,819	3,654	2,513,473	33,369
Interest payable	62,747	-	62,747	-
Unearned revenue	178,898	-	178,898	-
Scholarships and grants due	-	-	-	441,200
Long-term liabilities				
Long-term liabilities other than OPEB and pensions due within one year	1,827,691	-	1,827,691	-
Long-term liabilities other than OPEB and pensions due in more than one year	21,362,013	-	21,362,013	-
Other postemployment benefits (OPEB) liability	5,345,523	-	5,345,523	-
Aggregate net pension liability	21,078,298	134,744	21,213,042	-
Total liabilities	<u>52,364,989</u>	<u>138,398</u>	<u>52,503,387</u>	<u>474,569</u>
Deferred Inflows of Resources				
Deferred charge on refunding	312,756	-	312,756	-
Deferred inflows of resources related to OPEB	2,308,245	-	2,308,245	-
Deferred inflows of resources related to pensions	16,565,254	64,108	16,629,362	-
Deferred inflows of resources related to leases	3,989,582	-	3,989,582	-
Total deferred inflows of resources	<u>23,175,837</u>	<u>64,108</u>	<u>23,239,945</u>	<u>-</u>
Net Position				
Net investment in capital assets	66,159,168	-	66,159,168	-
Restricted for				
Debt service	1,230,829	-	1,230,829	-
Capital projects	9,437,218	-	9,437,218	-
Educational programs	1,518,939	-	1,518,939	-
Pension trust	2,989,872	-	2,989,872	-
Other activities	1,745,615	-	1,745,615	48,803
Permanent endowment	-	-	-	2,793,200
Unrestricted (deficit)	(28,837,551)	(86,659)	(28,924,210)	5,347,736
Total net position (deficit)	<u>\$ 54,244,090</u>	<u>\$ (86,659)</u>	<u>\$ 54,157,431</u>	<u>\$ 8,189,739</u>

Coronado Unified School District
Statement of Activities
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position			Coronado Schools Foundation
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Governmental Activities							
Instruction	\$ 25,279,596	\$ 43,657	\$ 6,124,475	\$ (19,111,464)	\$ -	\$ (19,111,464)	\$ -
Instruction-related activities							
Supervision of instruction	607,670	1,992	151,215	(454,463)	-	(454,463)	-
Instructional library, media, and technology	907,025	-	3,348	(903,677)	-	(903,677)	-
School site administration	3,065,880	8,360	535,297	(2,522,223)	-	(2,522,223)	-
Pupil services							
Home-to-school transportation	339,748	-	-	(339,748)	-	(339,748)	-
Food services	989,101	96,199	1,172,089	279,187	-	279,187	-
All other pupil services	2,982,680	5,349	829,968	(2,147,363)	-	(2,147,363)	-
Administration							
All other administration	2,875,093	1,146	185,278	(2,688,669)	-	(2,688,669)	-
Plant services	5,451,131	59,763	493,353	(4,898,015)	-	(4,898,015)	-
Ancillary services	981,470	-	518,854	(462,616)	-	(462,616)	-
Community services	485,063	20,822	164,835	(299,406)	-	(299,406)	-
Enterprise services	(22,038)	-	1,266	23,304	-	23,304	-
Interest on long-term liabilities	681,170	-	-	(681,170)	-	(681,170)	-
Other outgo	14,587	23,816	188,540	197,769	-	197,769	-
Depreciation and amortization (unallocated)	4,034,556	-	-	(4,034,556)	-	(4,034,556)	-
Total governmental activities	<u>48,672,732</u>	<u>261,104</u>	<u>10,368,518</u>	<u>(38,043,110)</u>	<u>-</u>	<u>(38,043,110)</u>	<u>-</u>
Business-Type Activities							
Enterprise services	242,223	311,753	125	-	69,655	69,655	-
Total School District	<u>\$ 48,914,955</u>	<u>\$ 572,857</u>	<u>\$ 10,368,643</u>	<u>(38,043,110)</u>	<u>69,655</u>	<u>(37,973,455)</u>	<u>-</u>
Discretely Presented Component Unit							
Program services	\$ 1,147,214	\$ -	\$ -	-	-	-	(1,147,214)
Management and general	119,192	-	-	-	-	-	(119,192)
Fundraising	298,478	-	-	-	-	-	(298,478)
Total	<u>\$ 1,564,884</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,564,884)</u>

Coronado Unified School District
Statement of Activities
Year Ended June 30, 2022

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				\$ 13,007,539	\$ -	\$ 13,007,539	\$ -
Property taxes, levied for debt service				1,122,187	-	1,122,187	-
Taxes levied for other specific purposes				2,680,963	-	2,680,963	-
Federal and State aid not restricted to specific purposes				18,156,948	-	18,156,948	-
Interest and investment earnings				(476,435)	(4,414)	(480,849)	(1,258,573)
Miscellaneous				3,947,374	-	3,947,374	1,484,705
Subtotal, general revenues and subventions				38,438,576	(4,414)	38,434,162	226,132
Transfers				47,420	(47,420)	-	-
Total general revenues, subventions, and transfers				38,485,996	(51,834)	38,434,162	226,132
Change in Net Position				442,886	17,821	460,707	(1,338,752)
Net Position (deficit) - Beginning, as restated				53,801,204	(104,480)	53,696,724	9,528,491
Net Position (deficit) - Ending				\$ 54,244,090	\$ (86,659)	\$ 54,157,431	\$ 8,189,739

Coronado Unified School District
Balance Sheet – Governmental Funds
June 30, 2022

	General Fund	Special Reserve Fund for Capital Outlay Projects	Capital Project Fund for Blended Component Units	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	\$ 6,550,972	\$ 8,964,023	\$ 4,903,783	\$ 3,988,182	\$ 24,406,960
Restricted assets - pension trust	2,989,872	-	-	-	2,989,872
Receivables	3,403,028	20,740	134,719	1,088,164	4,646,651
Due from other funds	3,949,859	5,304,989	276,218	185,973	9,717,039
Stores inventories	-	-	-	16,369	16,369
Lease receivables	2,117,648	-	1,871,934	-	3,989,582
Total assets	\$ 19,011,379	\$ 14,289,752	\$ 7,186,654	\$ 5,278,688	\$ 45,766,473
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 2,004,169	\$ -	\$ 428,737	\$ 76,913	\$ 2,509,819
Due to other funds	5,664,157	2,541,107	99,316	1,216,045	9,520,625
Unearned revenue	178,898	-	-	-	178,898
Total liabilities	7,847,224	2,541,107	528,053	1,292,958	12,209,342
Deferred Inflows of Resources					
Deferred inflows of resources related to leases	2,117,648	-	1,871,934	-	3,989,582
Fund Balances					
Nonspendable	10,000	-	-	16,969	26,969
Restricted	4,508,811	9,287,004	4,582,540	3,189,405	21,567,760
Assigned	1,891,170	2,461,641	204,127	779,356	5,336,294
Unassigned	2,636,526	-	-	-	2,636,526
Total fund balances	9,046,507	11,748,645	4,786,667	3,985,730	29,567,549
Total liabilities, deferred inflows of resources, and fund balances	\$ 19,011,379	\$ 14,289,752	\$ 7,186,654	\$ 5,278,688	\$ 45,766,473

Coronado Unified School District
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2022

Total Fund Balance - Governmental Funds		\$ 29,567,549
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	\$ 153,539,486	
Accumulated depreciation is	<u>(68,571,807)</u>	
Net capital assets		84,967,679
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.		
		(62,747)
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		
Other postemployment benefits (OPEB) liability	629,536	
Aggregate net pension liability	<u>7,941,853</u>	
Total deferred outflows of resources		8,571,389
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		
Debt refundings (deferred charge on refunding)	(312,756)	
Other postemployment benefits (OPEB) liability	(2,308,245)	
Aggregate net pension liability	<u>(16,565,254)</u>	
Total deferred inflows of resources		(19,186,255)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(21,078,298)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(5,345,523)
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	(5,637,625)	
Certificates of participation	(6,210,000)	
Unamortized premium on certificates of participation	(170,296)	
Finance purchase agreement	(11,060,374)	
Compensated absences (vacations)	<u>(111,409)</u>	
Total long-term liabilities		<u>(23,189,704)</u>
Total net position - governmental activities		<u>\$ 54,244,090</u>

Coronado Unified School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2022

	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	\$ 27,943,599	\$ -	\$ -	\$ -	\$ 27,943,599
Federal sources	5,282,262	-	-	1,350,063	6,632,325
Other State sources	5,647,394	-	-	985,317	6,632,711
Other local sources	3,546,111	2,480,948	813,695	2,698,710	9,539,464
Total revenues	42,419,366	2,480,948	813,695	5,034,090	50,748,099
Expenditures					
Current					
Instruction	28,322,183	-	-	467,351	28,789,534
Instruction-related activities					
Supervision of instruction	541,151	-	-	133,093	674,244
Instructional library, media, and technology	946,784	-	-	-	946,784
School site administration	3,147,876	-	-	304,533	3,452,409
Pupil services					
Home-to-school transportation	339,748	-	-	-	339,748
Food services	6,462	-	-	1,005,153	1,011,615
All other pupil services	3,280,569	-	-	31,349	3,311,918
Administration					
All other administration	2,994,489	-	-	46,621	3,041,110
Plant services	4,104,381	-	1,097,662	281,532	5,483,575
Ancillary services	532,134	-	-	502,231	1,034,365
Community services	7,243	-	-	477,997	485,240
Other outgo	14,587	-	-	-	14,587
Enterprise services	6,860	-	-	-	6,860
Facility acquisition and construction	8,943	-	1,293,635	192,271	1,494,849
Debt service					
Principal	-	-	474,658	1,200,000	1,674,658
Interest and other	-	-	306,255	540,591	846,846
Total expenditures	44,253,410	-	3,172,210	5,182,722	52,608,342
Excess (Deficiency) of Revenues Over Expenditures	(1,834,044)	2,480,948	(2,358,515)	(148,632)	(1,860,243)
Other Financing Sources (Uses)					
Transfers in	1,400,000	-	-	509,164	1,909,164
Other sources - proceeds from bond issuance	-	-	-	4,737,625	4,737,625
Transfers out	-	(1,861,744)	-	-	(1,861,744)
Other uses - payment to refunded bond escrow agent	-	-	-	(4,642,625)	(4,642,625)
Net Financing Sources (Uses)	1,400,000	(1,861,744)	-	604,164	142,420
Net Change in Fund Balances	(434,044)	619,204	(2,358,515)	455,532	(1,717,823)
Fund Balance - Beginning, as restated	9,480,551	11,129,441	7,145,182	3,530,198	31,285,372
Fund Balance - Ending	\$ 9,046,507	\$ 11,748,645	\$ 4,786,667	\$ 3,985,730	\$ 29,567,549

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, 2022

Total Net Change in Fund Balances - Governmental Funds \$ (1,717,823)

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

Depreciation expense	\$ (4,034,556)
Capital outlays	<u>1,432,397</u>

Net expense adjustment (2,602,159)

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 less than the amount used by \$63,927. 265,200

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. 2,866,768

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. (114,434)

Proceeds received from Certificates of Participation or Sale of Bonds is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. (4,737,625)

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, 2022

Deferred amounts on refunding (the difference between the reacquisition price of the net carrying amount of the refunded debt) are capitalized and amortized over the remaining life of the new or old debt, whichever is shorter.	\$ (354,063)
Governmental funds report the effect of premiums, discounts, and the deferred amount on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.	
Premium amortization	675,347
Deferred amount on refunding amortization	(73,502)
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	5,390,000
Certificates of participation	355,000
Finance purchase agreement	474,658
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.	<u>15,519</u>
Change in net position of governmental activities	<u><u>\$ 442,886</u></u>

Coronado Unified School District
Statement of Net Position – Proprietary Funds
June 30, 2022

	Business-Type Activities -
	Enterprise Fund
	Preschool
	Enterprise Fund
Assets	
Current assets	
Deposits and investments	\$ 223,115
Receivables	19,519
Due from other funds	67,092
Total current assets	309,726
Deferred Outflows of Resources	
Deferred outflows of resources related to pensions	69,627
Liabilities	
Current liabilities	
Accounts payable	3,654
Due to other funds	263,506
Total current liabilities	267,160
Noncurrent liabilities	
Net pension liability	134,744
Deferred Inflows of Resources	
Deferred inflows of resources related to pensions	64,108
Net Position	
Unrestricted (Deficit)	\$ (86,659)

Coronado Unified School District
Statement of Revenues, Expenses, and Change in Fund Net Position – Proprietary Funds
Year Ended June 30, 2022

	Business-Type Activities - <u>Enterprise Fund</u> Preschool <u>Enterprise Fund</u>
Operating Revenues	
Other local revenue	<u>\$ 311,753</u>
Operating Expenses	
Payroll costs	234,632
Supplies and materials	1,931
Facility rental	1,025
Other operating cost	<u>4,635</u>
Total operating expenses	<u>242,223</u>
Operating Income	<u>69,530</u>
Nonoperating Revenues	
State and local grants	125
Fair market value adjustments	(5,630)
Interest income	<u>1,216</u>
Total nonoperating revenues	<u>(4,289)</u>
Income before transfers	65,241
Transfers out	<u>(47,420)</u>
Change in Net Position	17,821
Total Net Position (Deficit) - Beginning	<u>(104,480)</u>
Total Net Position (Deficit) - Ending	<u><u>\$ (86,659)</u></u>

Coronado Unified School District
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2022

	Business-Type Activities -
	Enterprise Fund
	Preschool
	Enterprise Fund
Operating Activities	
Cash receipts from customers	\$ 309,041
Cash payments for interfund services provided	(156)
Cash payments to employees for services	(230,081)
Cash payments to other suppliers of goods or services	(7,883)
Cash payments for other operating expenses	(5,660)
	65,261
Net Cash Provided by Operating Activities	65,261
Noncapital Financing Activities	
Nonoperating grants received	125
	125
Capital and Related Financing Activities	
Transfers to other funds	(47,420)
	(47,420)
Investing Activities	
Interest on investments	1,216
Change in FMV of investments	(5,630)
	(4,414)
Net Cash Used for Investing Activities	(4,414)
Net Change in Cash and Cash Equivalents	13,552
Cash and Cash Equivalents, Beginning	209,563
Cash and Cash Equivalents, Ending	\$ 223,115
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 69,530
Changes in assets and liabilities	
Receivables	(2,712)
Due from other fund	(156)
Deferred outflows of resources	(4,444)
Accounts payable	(5,952)
Due to other fund	237,037
Deferred inflow of resources	55,772
Aggregate net pension liability	(283,814)
	(283,814)
Net Cash Provided by Operating Activities	\$ 65,261

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 \$4,324,952.

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. 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, 2022, the balance of the trust was \$2,989,872.

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.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2022.

Interfund Balances

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums, and Discounts

In the government-wide financial statements and in the proprietary fund type financial statements, long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Position. Debt premiums are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

In the fund financial statements, governmental funds recognize bond premiums and discounts as other financing sources and uses, respectively, and bond issuance costs and costs of refunding as debt service expenditures. Issuance costs, and costs of refunding, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures in the period the bonds are issued.

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Leases

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

Fund Balances - Governmental Funds

As of June 30, 2022, 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 \$16,922,473 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. 87

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 17 and the additional disclosures required by this standard is included in Note 6.

Implementation of GASB Statement No. 92

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

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

The requirements of this Statement are effective as follows:

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

The provisions of this Statement have been implemented as of June 30, 2022.

Implementation of GASB Statement No. 93

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

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

The provisions of this Statement have been implemented as of June 30, 2022.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2022, are classified in the accompanying financial statements as follows:

Governmental funds	\$ 24,406,960
Business-type activities	223,115
Component unit - Coronado Schools Foundation	<u>8,600,767</u>
Total deposits and investments	<u><u>\$ 33,230,842</u></u>

Deposits and investments as of June 30, 2022, consist of the following:

Cash on hand and in banks	\$ 1,335,715
Cash in revolving	10,600
Investments	<u>31,884,527</u>
Total deposits and investments	<u><u>\$ 33,230,842</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 \$24,065,945 with San Diego County Treasury Investment Pool that has an average weighted maturity of 551 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, 2022.

Coronado Schools Foundation Investments

Investments are reported at fair value and consist of the following at June 30, 2022:

	Cost	Fair Value
Stock Mutual Funds	\$ 3,744,899	\$ 5,473,364
Bond Mutual Funds	2,567,741	2,345,218
	\$ 6,312,640	\$ 7,818,582

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, 2022, the District's bank balance of \$998,994 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, 2022:

Investment Type	Reported Amount	Fair Value Measurements Using Level 1 Inputs
Stock Mutual Funds*	\$ 5,473,364	\$ 5,473,364
Bond Mutual Funds*	2,345,218	2,345,218
Total	\$ 7,818,582	\$ 7,818,582

* 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, 2022, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Non-Major Governmental Funds	Total	Preschool Enterprise Fund
Federal Government						
Categorical aid	\$ 1,745,604	\$ -	\$ -	\$ 356,550	\$ 2,102,154	\$ -
State Government						
Categorical aid	452,052	-	-	311,691	763,743	-
Lottery	175,119	-	-	-	175,119	-
Local Government						
Interest	14,309	20,740	12,126	4,535	51,710	433
Other local sources	1,015,944	-	122,593	415,388	1,553,925	19,086
Total	\$ 3,403,028	\$ 20,740	\$ 134,719	\$ 1,088,164	\$ 4,646,651	\$ 19,519

Note 5 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 532,869	\$ -	\$ -	\$ 532,869
Capital assets being depreciated				
Land improvements	20,107,012	448,168	-	20,555,180
Buildings and improvements	126,772,058	569,322	-	127,341,380
Furniture and equipment	4,695,150	414,907	-	5,110,057
Total capital assets being depreciated	<u>151,574,220</u>	<u>1,432,397</u>	<u>-</u>	<u>153,006,617</u>
Total capital assets	<u>152,107,089</u>	<u>1,432,397</u>	<u>-</u>	<u>153,539,486</u>
Accumulated depreciation				
Land improvements	(14,684,341)	(974,186)	-	(15,658,527)
Buildings and improvements	(46,099,456)	(2,816,524)	-	(48,915,980)
Furniture and equipment	(3,753,454)	(243,846)	-	(3,997,300)
Total accumulated depreciation	<u>(64,537,251)</u>	<u>(4,034,556)</u>	<u>-</u>	<u>(68,571,807)</u>
Net depreciable capital assets	<u>87,036,969</u>	<u>(2,602,159)</u>	<u>-</u>	<u>84,434,810</u>
Governmental activities capital assets, net	<u>\$ 87,569,838</u>	<u>\$ (2,602,159)</u>	<u>\$ -</u>	<u>\$ 84,967,679</u>

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

Note 6 - Lease Receivables

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

Lease Receivables	Outstanding July 1, 2021 as restated	Addition	Deletion	Outstanding June 30, 2022
Cell Tower - Sprint	\$ 1,288,895	\$ -	\$ (14,195)	\$ 1,274,700
Cell Tower - Verizon	867,412	-	(24,464)	842,948
Early Childhood Development Center	2,430,813	-	(558,879)	1,871,934
Total	<u>\$ 4,587,120</u>	<u>\$ -</u>	<u>\$ (597,538)</u>	<u>\$ 3,989,582</u>

Cell Tower - Sprint

The District leases a portion of its facilities for cellular tower antenna sites. The lease is for a term of five years and may be renewed for five successive renewal term of five years each, with a final expiration date of July 1, 2051. The District believes the lessee will exercise the renewal option with reasonable certainty. The agreement allows for a 2.00% CPI increase annually on the anniversary of the revised rent date. At termination, lessees must remove all equipment and restore the site to its original state. During the fiscal year, the District recognized \$14,195 in lease revenue and \$32,005 in interest revenue related to this agreement. At June 30, 2022, the District recorded \$1,274,700 in lease receivables and deferred inflows of resources for this arrangement. The District used an interest rate of 3.00%, based on the rates available to finance real estate or machinery and equipment over the same time periods.

Cell Tower - Verizon

The District leases a portion of its facilities for cellular tower antenna sites. The lease is for a term of five years and may be renewed for four successive renewal term of five years each, with a final expiration date of May 31, 2037. The District believes the lessee will exercise the renewal option with reasonable certainty. The agreement allows for a 5.00% CPI increase annually on the anniversary of the revised rent date. At termination, lessees must remove all equipment and restore the site to its original state. During the fiscal year, the District recognized \$24,464 in lease revenue and \$23,498 in interest revenue related to this agreement. At June 30, 2022, the District recorded \$842,948 in lease receivables and deferred inflows of resources for this arrangement. The District used an interest rate of 3.00%, based on the rates available to finance real estate or machinery and equipment over the same time periods.

Early Childhood Development Center

The District entered an agreement with Department of Navy to lease the Early Childhood Development Center for a term of one year and may be renewed for four additional one-year option terms. The agreement allows for 3.00% annual increases to the lease payments and either party may terminate the agreement upon providing written notice within an agreed upon number of days. The District is reasonably certain that the licensee will not exercise the termination option. During the fiscal year, the District recognized \$558,879 in lease revenue and \$59,121 in interest revenue related to the agreement. At June 30, 2022, the District recorded \$1,871,934 in lease receivable and deferred inflow of resources for this arrangement. The District used an interest rate of 3.00% based on the rates available to finance real estate or machinery and equipment over the same time periods.

Note 7 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2022, between major and non-major governmental funds, and the non-major enterprise fund are as follows:

Due To	Due From					Total
	General Fund	Special Reserve Fund for Capital Outlay Projects	Capital Project Fund for Blended Component Units	Non-Major Governmental Funds	Preschool Enterprise Fund	
General Fund	\$ -	\$ 2,538,355	\$ 82,445	\$ 1,112,973	\$ 216,086	\$ 3,949,859
Special Reserve Fund for Capital Outlay Projects	5,304,989	-	-	-	-	5,304,989
Capital Project Fund for Blended Component Units	273,466	2,752	-	-	-	276,218
Non-Major Governmental Funds	84,013	-	16,871	37,669	47,420	185,973
Preschool Enterprise Fund	1,689	-	-	65,403	-	67,092
Total	\$ 5,664,157	\$ 2,541,107	\$ 99,316	\$ 1,216,045	\$ 263,506	\$ 9,784,131

The balance of \$5,304,989 due to the Special Reserve Fund for Capital Outlay Projects from the General Fund resulted from redevelopment agency funds.

The balance of \$273,466 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 \$2,538,355 due to the General Fund from the Special Reserve Fund for Capital Outlay Projects resulted from operational support of maintenance project cost

The balance of \$82,445 due to the General Fund from the Capital Project Fund for Blended Component Units resulted from operational support of maintenance project cost

A balance of \$216,086 due to the General Fund from the Preschool Enterprise Fund is for reimbursement of program support costs.

A balance of \$222,640 due to the General Fund from the Child Development Non-Major Governmental Fund is for indirects and payroll support costs.

A balance of \$694,373 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, 2022, consisted of the following:

Transfer To	Transfer From		Total
	Special Reserve Fund for Capital Capital Outlay Projects	Preschool Enterprise Fund	
General Fund	\$ 1,400,000	\$ -	\$ 1,400,000
Non-Major Governmental Funds	461,744	47,420	509,164
Total	\$ 1,861,744	\$ 47,420	\$ 1,909,164

The Special Reserve Fund for Capital Outlay Projects transferred to the General Fund for reimbursement of project and maintenance costs. \$ 1,400,000

The Special Reserve Fund for Capital Outlay Projects transferred to the Capital Facilities Non-Major Governmental Fund for reimbursement of project and maintenance costs. 461,744

The Preschool Enterprise Fund transferred to Child Development Non-Major Governmental Fund for reimbursement of costs 47,420

Total \$ 1,909,164

Note 8 - Accounts Payable

Accounts payable at June 30, 2022, consisted of the following:

	General Fund	Capital Project Fund for Blended Component Units	Non-Major Governmental Funds	Total	Preschool Enterprise Fund
Salaries and benefits	\$ 1,105,886	\$ -	\$ 34,808	\$ 1,140,694	\$ 3,425
LCFF apportionment	-	-	22,568	22,568	-
Supplies	97,013	125,180	8,046	230,239	107
Services	700,239	89,125	-	789,364	-
Capital outlay	-	214,385	-	214,385	-
Other vendor payables	101,031	47	11,491	112,569	122
	<u>\$ 2,004,169</u>	<u>\$ 428,737</u>	<u>\$ 76,913</u>	<u>\$ 2,509,819</u>	<u>\$ 3,654</u>
Total	<u>\$ 2,004,169</u>	<u>\$ 428,737</u>	<u>\$ 76,913</u>	<u>\$ 2,509,819</u>	<u>\$ 3,654</u>

Note 9 - Unearned Revenue

Unearned revenue at June 30, 2022, consisted of the following:

	General Fund
Federal financial assistance	\$ 47,689
State categorical aid	131,209
	<u>178,898</u>
Total	<u>\$ 178,898</u>

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

Summary

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

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 6,290,000	\$ 4,737,625	\$ (5,390,000)	\$ 5,637,625	\$ 975,431
Premium on issuance	661,901	-	(661,901)	-	-
Certificates of participation	6,565,000	-	(355,000)	6,210,000	365,000
Premium on issuance	183,742	-	(13,446)	170,296	-
Finance purchase agreement	11,535,032	-	(474,658)	11,060,374	487,260
Supplemental early retirement plan	201,273	-	(201,273)	-	-
Compensated absences	175,336	-	(63,927)	111,409	-
Total	<u>\$ 25,612,284</u>	<u>\$ 4,737,625</u>	<u>\$ (7,160,205)</u>	<u>\$ 23,189,704</u>	<u>\$ 1,827,691</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 finance purchase agreement will be paid by the Capital Project Fund for Blended Component Units with lease revenues as disclosed in Note 6. 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.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2021	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2022
2/13/12	8/1/2026	2.00 - 5.00%	\$ 12,100,000	\$ 6,290,000	\$ -	\$ -	\$ (5,390,000)	\$ 900,000
5/4/22	8/1/2026	1.53%	4,737,625	-	4,737,625	-	-	4,737,625
				<u>\$ 6,290,000</u>	<u>\$ 4,737,625</u>	<u>\$ -</u>	<u>\$ (5,390,000)</u>	<u>\$ 5,637,625</u>

2012 General Obligation Bonds

On February 23, 2012, the District issued \$12,100,000 of 2012 General Obligation Bonds, in serial and term bonds. The bonds have a final maturity to occur on August 1, 2026, with interest rates ranging from 2.00 to 5.00%. During the 2021-2022 fiscal year, proceeds from the 2022 General Obligation Refunding Bonds was used to provide partial advance refunding of \$4,737,625 bonds. At June 30, 2022, the principal balance outstanding on the 2012 General Obligation Bonds was \$900,000.

2022 General Obligation Refunding Bonds (Private Placement)

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

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>
2023	\$ 975,431	\$ 74,033	\$ 1,049,464
2024	1,042,861	63,354	1,106,215
2025	1,073,812	47,161	1,120,973
2026	1,263,523	29,281	1,292,804
2027	1,281,998	9,807	1,291,805
Total	<u>\$ 5,637,625</u>	<u>\$ 223,636</u>	<u>\$ 5,861,261</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, 2022, the principal balance outstanding was \$6,210,000 and unamortized premium received on issuance of the certificates amounted to \$170,296.

The certificates mature through 2036, as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	410,000	133,725	543,725
2028-2032	2,225,000	482,588	2,707,588
2033-2036	2,035,000	128,525	2,163,525
Total	<u>\$ 6,210,000</u>	<u>\$ 1,381,961</u>	<u>\$ 7,591,961</u>

Finance Purchase Agreement

One June 1, 2020, the District entered into a finance purchase agreement with the Public Property Financing Corporation of California to finance the costs of facility construction, equipment, furnishings, repairs and improvements, and technology acquisitions and upgrades for District property. The agreement bears interest of 2.655% with a final maturity to occur on June 1, 2040. As of June 30, 2022, the principal balance remaining was \$11,060,374.

The lease purchase agreement has future lease payments as follows:

Year Ending June 30,	Principal	Interest	Total
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	541,104	239,808	780,912
2028-2032	2,928,799	975,765	3,904,564
2033-2037	3,338,796	565,767	3,904,563
2038-2040	2,223,632	119,106	2,342,738
Total	\$ 11,060,374	\$ 2,996,054	\$ 14,056,428

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. The final payment was made in fiscal year 2021-2022 and a zero balance remains.

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2022, amounted to \$111,409.

Note 11 - Net Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2022, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 5,167,203	\$ 629,536	\$ 2,308,245	\$ 445,027
Medicare Premium Payment (MPP) Program	178,320	-	-	(46,941)
Total	<u>\$ 5,345,523</u>	<u>\$ 629,536</u>	<u>\$ 2,308,245</u>	<u>\$ 398,086</u>

The details of each plan are as follows:

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits payments	59
Active employees	<u>352</u>
Total	<u><u>411</u></u>

Benefits Provided

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

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Association of Coronado Teachers (ACT), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, ACT, CSEA, and unrepresented groups. For the measurement period of June 30, 2022, the District paid \$283,652 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of \$5,167,203 was measured as of June 30, 2022, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary increases	3.00% average, including inflation
Discount rate	4.09%
Healthcare cost trend rates	4.50% for 2022

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

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

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

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance, June 30, 2021	<u>\$ 6,650,425</u>
Service cost	479,262
Interest	153,051
Differences between expected and actual experience	(785,763)
Changes of assumptions	(1,046,120)
Benefit payments	<u>(283,652)</u>
Net change in total OPEB liability	<u>(1,483,222)</u>
Balance, June 30, 2022	<u><u>\$ 5,167,203</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.19% in 2021 to 4.09% in 2022.

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

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

Discount Rate	Total OPEB Liability
1% decrease (3.09%)	\$ 5,535,204
Current discount rate (4.09%)	5,167,203
1% increase (5.09%)	4,816,088

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%)	\$ 4,637,724
Current healthcare cost trend rate (4.50%)	5,167,203
1% increase (5.50%)	5,788,237

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$445,027. At June 30, 2022, 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	\$ 89,665	\$ 1,265,728
Changes of assumptions	539,871	1,042,517
Total	\$ 629,536	\$ 2,308,245

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ (187,286)
2023	(187,289)
2024	(151,450)
2025	(144,842)
2026	(144,842)
Thereafter	(863,000)
Total	\$ (1,678,709)

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, 2020 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, 2022, the District reported a liability of \$178,320 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The District’s proportion of the net OPEB liability was based on a projection of the District’s long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District’s proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively, was 0.0447 %, and 0.0462%, resulting in a net decrease in the proportionate share of 0.0015%.

For the year ended June 30, 2022, the District recognized OPEB expense of \$(46,941).

Actuarial Methods and Assumptions

The June 30, 2021 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total OPEB liability to June 30, 2021, using the assumptions listed in the following table:

Measurement Date	June 30, 2021	June 30, 2020
Valuation Date	June 30, 2020	June 30, 2019
Experience Study	July 1, 2015 through June 30, 2018	June 30,-2014 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.16%	2.21%
Medicare Part A Premium Cost Trend Rate	4.50%	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%	5.40%

For the valuation as of June 30, 2020, 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 245 or an average of 0.16% of the potentially eligible population (152,062).

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, 2021, 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, 2021, is 2.16%. 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 2.16%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2021, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.05% from 2.21% as of June 30, 2020.

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 (1.16%)	\$ 196,558
Current discount rate (2.16%)	178,320
1% increase (3.16%)	162,738

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 162,161
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	178,320
1% increase (5.50% Part A and 6.40% Part B)	196,846

Note 12 - Fund Balances

Fund balances composed of the following elements:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Capital Project Fund for Blended Component Units	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 10,000	\$ -	\$ -	\$ 600	\$ 10,600
Stores inventories	-	-	-	16,369	16,369
Total nonspendable	10,000	-	-	16,969	26,969
Restricted					
Legally restricted programs	1,518,939	-	-	1,745,615	3,264,554
Pension trust	2,989,872	-	-	-	2,989,872
Capital projects	-	9,287,004	4,582,540	150,214	14,019,758
Debt service	-	-	-	1,293,576	1,293,576
Total restricted	4,508,811	9,287,004	4,582,540	3,189,405	21,567,760
Assigned					
Capital projects	-	2,461,641	204,127	-	2,665,768
Other program balances	1,891,170	-	-	779,356	2,670,526
Total assigned	1,891,170	2,461,641	204,127	779,356	5,336,294
Unassigned					
Reserve for economic uncertainties	1,350,000	-	-	-	1,350,000
Remaining unassigned	1,286,526	-	-	-	1,286,526
Total unassigned	2,636,526	-	-	-	2,636,526
Total	\$ 9,046,507	\$ 11,748,645	\$ 4,786,667	\$ 3,985,730	\$ 29,567,549

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, 2022, the District contracted with the San Diego County Schools Risk Management (SDCSRМ) 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 2022, the District participated in the San Diego County Schools Risk Management (SDCSRМ), an insurance purchasing pool. The intent of the SDCSRМ is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the SDCSRМ. 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 SDCSRМ. 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 SDCSRМ. Participation in the SDCSRМ is limited to districts that can meet the SDCSRМ 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, 2022, 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	\$ 13,534,988	\$ 6,312,974	\$ 13,264,232	\$ 786,031
CalPERS	7,678,054	1,698,506	3,365,130	578,772
Total	<u>\$ 21,213,042</u>	<u>\$ 8,011,480</u>	<u>\$ 16,629,362</u>	<u>\$ 1,364,803</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, 2020, 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, 2022, 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	16.92%	16.92%
Required state contribution rate	10.828%	10.828%

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, 2022, are presented above and the District's total contributions were \$3,076,456.

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

At June 30, 2022, 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	\$ 13,534,988
State's proportionate share of the net pension liability	<u>6,810,281</u>
Total	<u><u>\$ 20,345,269</u></u>

The net pension liability was measured as of June 30, 2021. 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, 2021 and June 30, 2020, respectively, was 0.0297% and 0.0305%, resulting in a net decrease in the proportionate share of 0.0008%.

For the year ended June 30, 2022, the District recognized pension expense of \$786,031. In addition, the District recognized pension expense and revenue of \$233,005 for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,076,456	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,284,848	1,117,302
Differences between projected and actual earnings on pension plan investments	-	10,706,524
Differences between expected and actual experience in the measurement of the total pension liability	33,906	1,440,406
Changes of assumptions	<u>1,917,764</u>	<u>-</u>
Total	<u><u>\$ 6,312,974</u></u>	<u><u>\$ 13,264,232</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:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ (2,718,815)
2024	(2,486,828)
2025	(2,548,541)
2026	(2,952,340)
Total	\$ (10,706,524)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ 533,575
2024	778,053
2025	(102,712)
2026	(102,845)
2027	(130,154)
Thereafter	(297,107)
Total	\$ 678,810

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, 2020 and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
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, 2021, are summarized in the following table:

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 27,552,390
Current discount rate (7.10%)	13,534,988
1% increase (8.10%)	1,900,811

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, 2020 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, 2022, 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	22.91%	22.91%

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, 2022, are presented above and the total District contributions were \$1,387,601.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$ 7,678,054. The net pension liability was measured as of June 30, 2021. 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, 2021 and June 30, 2020, respectively, was 0.0378% and 0.0396%, resulting in a net decrease in the proportionate share of 0.0018%.

For the year ended June 30, 2022, the District recognized pension expense of \$587,772. At June 30, 2022, 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	\$ 1,387,601	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	81,695	400,421
Differences between projected and actual earnings on pension plan investments	-	2,946,609
Differences between expected and actual experience in the measurement of the total pension liability	229,210	18,100
Changes of assumptions	-	-
	<u>\$ 1,698,506</u>	<u>\$ 3,365,130</u>
Total	<u>\$ 1,698,506</u>	<u>\$ 3,365,130</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
2023	\$ (739,007)
2024	(679,584)
2025	(708,509)
2026	(819,509)
Total	<u>\$ (2,946,609)</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:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ 105,508
2024	(69,250)
2025	(130,374)
2026	(13,500)
Total	\$ (107,616)

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, 2020 and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
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%)	\$ 12,946,276
Current discount rate (7.15%)	7,678,054
1% increase (8.15%)	3,304,298

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 \$1,912,781 (10.838% 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, 2022.

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, 2022.

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

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

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

During the year ended June 30, 2022, the District made payments totaling \$409,068 to SDCSR for annual premiums related to workers' compensation and property and liability coverages.

Note 17 - Adoption of New Accounting Standard - Restatement of Prior Year Net Position and Fund Balance

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Beginning net position and fund balances were restated to retroactively adopt the provisions of GASB Statement No. 87 as follows:

Governmental Activities	
Net Position - Beginning, as previous reported on June 30, 2021	\$ 53,801,204
Lease receivables	4,587,120
Deferred inflows of resources related to leases	<u>(4,587,120)</u>
Net Position - Beginning, as restated on July 1, 2021	<u>\$ 53,801,204</u>
General Fund	
Fund Balance - Beginning, as previous reported on June 30, 2021	\$ 9,480,551
Lease receivables	2,156,307
Deferred inflows of resources related to leases	<u>(2,156,307)</u>
Fund Balance - Beginning, as restated on July 1, 2021	<u>\$ 9,480,551</u>
Capital Project Fund for Blended Component Units	
Fund Balance - Beginning, as previous reported on June 30, 2021	\$ 7,145,182
Lease receivables	2,430,813
Deferred inflows of resources related to leases	<u>(2,430,813)</u>
Fund Balance - Beginning, as restated on July 1, 2021	<u>\$ 7,145,182</u>



Required Supplementary Information
June 30, 2022

Coronado Unified School District

Coronado Unified School District
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 28,162,638	\$27,969,394	\$ 27,943,599	\$ (25,795)
Federal sources	2,987,832	4,537,786	5,282,262	744,476
Other State sources	4,637,816	4,586,260	5,647,394	1,061,134
Other local sources	3,753,735	3,525,373	3,546,111	20,738
Total revenues ¹	<u>39,542,021</u>	<u>40,618,813</u>	<u>42,419,366</u>	<u>1,800,553</u>
Expenditures				
Current				
Certificated salaries	17,392,266	18,136,387	18,650,070	(513,683)
Classified salaries	5,925,781	6,322,523	6,309,014	13,509
Employee benefits	12,060,409	11,677,286	11,551,623	125,663
Books and supplies	1,639,944	2,501,367	1,803,715	697,652
Services and operating expenditures	6,203,434	6,313,068	5,955,439	357,629
Other outgo	-	9,050	(25,394)	34,444
Capital outlay	(36,948)	(36,248)	8,943	(45,191)
Total expenditures ¹	<u>43,184,886</u>	<u>44,923,433</u>	<u>44,253,410</u>	<u>670,023</u>
Deficiency of Revenues Over Expenditures	<u>(3,642,865)</u>	<u>(4,304,620)</u>	<u>(1,834,044)</u>	<u>2,470,576</u>
Other Financing Sources				
Transfers in	<u>3,643,865</u>	<u>4,043,865</u>	<u>1,400,000</u>	<u>(2,643,865)</u>
Net Change in Fund Balances	1,000	(260,755)	(434,044)	(173,289)
Fund Balance - Beginning, as restated	<u>9,480,551</u>	<u>9,480,551</u>	<u>9,480,551</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 9,481,551</u>	<u>\$ 9,219,796</u>	<u>\$ 9,046,507</u>	<u>\$ (173,289)</u>

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

Coronado Unified School District
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service cost	\$ 479,262	\$ 466,521	\$ 340,563	\$ 336,724	\$ 361,764
Interest	153,051	187,711	211,971	202,826	173,351
Difference between expected and actual experience	(785,763)	(708,940)	134,497	-	-
Changes of assumptions	(1,046,120)	240,691	528,997	(46,262)	(250,848)
Benefit payments	<u>(283,652)</u>	<u>(250,068)</u>	<u>(430,839)</u>	<u>(385,415)</u>	<u>(367,083)</u>
Net change in total OPEB liability	(1,483,222)	(64,085)	785,189	107,873	(82,816)
Total OPEB Liability - Beginning	<u>6,650,425</u>	<u>6,714,510</u>	<u>5,929,321</u>	<u>5,821,448</u>	<u>5,904,264</u>
Total OPEB Liability - Ending	<u>\$ 5,167,203</u>	<u>\$ 6,650,425</u>	<u>\$ 6,714,510</u>	<u>\$ 5,929,321</u>	<u>\$ 5,821,448</u>
Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Measurement Date	June 30, 2022	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, 2022

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

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Proportion of the net pension liability	0.0297%	0.0305%	0.0290%	0.0281%	0.0280%	0.0281%	0.0300%	0.0310%
Proportionate share of the net pension liability	\$ 13,534,988	\$ 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	6,810,281	15,239,528	14,282,510	14,768,731	15,334,276	12,947,406	10,663,739	10,723,617
Total	<u>\$ 20,345,269</u>	<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>\$ 16,366,805</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>	<u>13,971,576</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>82.70%</u>	<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>87%</u>	<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, 2021	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	0.0378%	0.0396%	0.0381%	0.0367%	0.0403%	0.0423%	0.0380%	0.0410%
Proportionate share of the net pension liability	\$ 7,678,054	\$ 12,157,292	\$ 11,113,158	\$ 9,788,903	\$ 9,617,863	\$ 8,355,567	\$ 5,582,365	\$ 4,634,375
Covered payroll	<u>\$ 5,416,087</u>	<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>141.76%</u>	<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>81%</u>	<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, 2021	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 the District's Contributions
Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Contractually required contribution	\$ 3,076,456	\$ 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>3,076,456</u>	<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>	<u>\$ -</u>
Covered payroll	<u>\$ 18,182,364</u>	<u>\$ 16,366,805</u>	<u>\$ 16,656,409</u>	<u>\$ 15,480,928</u>	<u>\$ 14,741,996</u>	<u>\$ 14,795,374</u>	<u>\$ 14,292,917</u>	<u>\$ 13,403,559</u>
Contributions as a percentage of covered payroll	<u>16.92%</u>	<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	\$ 1,387,601	\$ 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>1,387,601</u>	<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>	<u>\$ -</u>
Covered payroll	<u>\$ 6,056,748</u>	<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>22.910%</u>	<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 2.19% in 2021 to 4.09% in 2022.

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

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

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 2.21% to 2.16% 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 the District's Contributions

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



Supplementary Information
June 30, 2022

Coronado Unified School District

Coronado Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Impact Aid	84.041	[1]	\$ 1,732,249
Passed Through California Department of Education (CDE)			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	173,751
Title II, Part A, Supporting Effective Instruction	84.367	14341	29,698
Strengthening Career and Technical Education for the 21st Century (Perkins V): Adult, Section 132	84.048	15295	15,000
Education Stabilization Fund (ESF)			
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	22,012
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	10,134
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	142,927
COVID-19 Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C	15517	165,604
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D	15618	271,777
COVID-19 Expanded Learning Opportunities (ELO) Grant: GEER II	84.425C	15619	62,375
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Emergency Needs	84.425U	15620	177,167
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Learning Loss	84.425U	15621	266,936
Total Education Stabilization Fund (ESF)			<u>1,118,932</u>
Passed Through South County SELPA			
Special Education (IDEA) Cluster			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	567,332
Preschool Grants, Part B, Sec 619	84.173	13430	10,363
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	35,088
Preschool Staff Development, Part B, Sec 619	84.173A	13431	110
Total Special Education (IDEA) Cluster			<u>612,893</u>
Total U.S. Department of Education			<u>3,682,523</u>
U.S. Department of Defense			
Impact Aid	12.558	[1]	1,254,476
Support for Student Achievement at Military Connected Schools			
Support for Student Achievement at Military Connected Schools/SPED: Project Arts for Learning	12.556	[1]	148,292
Support for Student Achievement at Military Connected Schools/SPED: Project STEM READ	12.556	[1]	196,971
Subtotal Support for Student Achievement at Military Connected Schools			<u>345,263</u>
Total U.S. Department of Defense			<u>1,599,739</u>

[1] Direct award, no PCA number

Coronado Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Passed through California Department of Education			
Child Care and Development Fund (CCDF) Cluster			
COVID-19 Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend	93.575	15555	\$ 29,216
Total U.S. Department of Health and Human Services			<u>29,216</u>
U.S. Department of Agriculture			
Passed Through CDE			
Child Nutrition Cluster			
School Lunch - Section 4	10.555	13523	109,544
School Lunch - Section 11	10.555	13524	1,048,176
Basic School Breakfast Program	10.553	13525	58,676
Especially Needy Breakfast Program	10.553	13526	86,267
SNP COVID-19 Emergency Operational Costs Reimbursement (ECR)	10.555	15637	748
Supplemental Food	10.555	13391	8,838
Total Child Nutrition Cluster			<u>1,312,249</u>
Total U.S. Department of Agriculture			<u>1,312,249</u>
Total Federal Financial Assistance			<u>\$ 6,623,727</u>

ORGANIZATION

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

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Esther Valdes-Clayton	President	2022
Dr. Helen Anderson-Cruz	Vice President	2022
Whitney Antrim	Clerk	2024
Lee Pontes	Member	2022
Bruce Shepherd	Member	2022

ADMINISTRATION

Karl Mueller	Superintendent
Donnie Salamanca, CPA	Deputy Superintendent

Coronado Unified School District
 Schedule of Average Daily Attendance
 Year Ended June 30, 2022

	Final Report	
	Second Period Report	Annual Report
	No. EA854EFB	No. 4CED65FD
Regular ADA		
Transitional kindergarten through third	664.63	666.70
Fourth through sixth	514.67	514.71
Seventh and eighth	428.26	426.89
Ninth through twelfth	985.24	984.30
Total Regular ADA	2,592.80	2,592.60
Extended Year Special Education		
Transitional kindergarten through third	-	1.09
Fourth through sixth	-	-
Seventh and eighth	-	0.83
Ninth through twelfth	-	1.00
Total Extended Year Special Education	-	2.92
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.46	0.66
Fourth through sixth	1.04	1.48
Seventh and eighth	0.85	1.18
Ninth through twelfth	2.50	3.37
Total Special Education, Nonpublic, Nonsectarian Schools	4.85	6.69
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Seventh and eighth	0.06	0.06
Ninth through twelfth	0.69	0.69
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	0.75	0.75
Total ADA	2,598.40	2,602.96

Coronado Unified School District
 Schedule of Instructional Time
 Year Ended June 30, 2022

Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36,000	58,725	-	58,725	180	-	180	-	-	-	Complied
Grades 1 - 3	50,400										
Grade 1		58,725	-	58,725	180	-	180	-	-	-	Complied
Grade 2		58,725	-	58,725	180	-	180	-	-	-	Complied
Grade 3		58,725	-	58,725	180	-	180	-	-	-	Complied
Grades 4 - 8	54,000										
Grade 4		58,725	-	58,725	180	-	180	-	-	-	Complied
Grade 5		58,725	-	58,725	180	-	180	-	-	-	Complied
Grade 6		60,276	-	60,276	180	-	180	-	-	-	Complied
Grade 7		60,276	-	60,276	180	-	180	-	-	-	Complied
Grade 8		60,276	-	60,276	180	-	180	-	-	-	Complied
Grades 9 - 12	64,800										
Grade 9		65,480	-	65,480	180	-	180	-	-	-	Complied
Grade 10		65,480	-	65,480	180	-	180	-	-	-	Complied
Grade 11		65,480	-	65,480	180	-	180	-	-	-	Complied
Grade 12		65,480	-	65,480	180	-	180	-	-	-	Complied

Coronado Unified School District
 Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
 Year Ended June 30, 2022

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

	<u>Special Reserve Fund for Capital Outlay Projects</u>
Fund Balance	
Balance, June 30, 2022, Unaudited Actuals	\$ 12,242,924
Decrease in	
Fair Value Adjustment to Cash in County Treasury	<u>(494,279)</u>
Balance, June 30, 2022, Audited Financial Statements	<u><u>\$ 11,748,645</u></u>

Coronado Unified School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2022

	(Budget) 2023 ¹	2022	2021 ¹	2020 ¹
General Fund ³				
Revenues	\$ 42,936,101	\$ 42,768,045	\$ 41,158,847	\$ 38,591,888
Other sources	4,549,451	1,400,000	1,138,355	2,477,079
Total revenues and other sources	<u>47,485,552</u>	<u>44,168,045</u>	<u>42,297,202</u>	<u>41,068,967</u>
Expenditures	47,484,552	44,253,410	39,767,397	41,063,477
Other uses	-	-	1,140,238	4,491
Total expenditures and other uses	<u>47,484,552</u>	<u>44,253,410</u>	<u>40,907,635</u>	<u>41,067,968</u>
Increase (Decrease) in Fund Balance	<u>1,000</u>	<u>(85,365)</u>	<u>1,389,567</u>	<u>999</u>
Ending Fund Balance	<u>\$ 4,722,555</u>	<u>\$ 4,721,555</u>	<u>\$ 4,806,920</u>	<u>\$ 3,417,353</u>
Available Reserves ²	<u>\$ 3,252,170</u>	<u>\$ 2,636,526</u>	<u>\$ 2,476,397</u>	<u>\$ 1,429,428</u>
Available Reserves as a Percentage of Total Outgo	<u>6.85%</u>	<u>5.96%</u>	<u>6.05%</u>	<u>3.48%</u>
Long-Term Liabilities	<u>N/A</u>	<u>\$ 49,748,269</u>	<u>\$ 74,207,871</u>	<u>\$ 71,726,776</u>
K-12 Average Daily Attendance at P-2	<u>2,672</u>	<u>2,598</u>	<u>2,951</u>	<u>2,951</u>

The General Fund balance has increased by \$1,304,202 over the past two years. The fiscal year 2022-2023 budget projects a further increase of \$1,000 (0.021%). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, and other uses (total outgo).

The District has incurred an operating surplus in two of the past three years and anticipates incurring an operating surplus during the 2022-2023 fiscal year. Total long-term liabilities have decreased by \$21,978,507 over the past two years.

Average daily attendance has decreased by 353 over the past two years. ADA is anticipated to increase by 74 during fiscal year 2022-2023.

¹ Financial information for 2023, 2021, and 2020 are included for analytical purposes only and has not been subjected to audit.

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

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

Coronado Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2022

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
Assets					
Deposits and investments	\$ 160,084	\$ 215,453	\$ 86,708	\$ 651,228	\$ 622,848
Receivables	-	34,613	257,357	379,767	1,435
Due from other funds	-	91,276	48,120	35,571	-
Stores inventories	-	-	-	16,369	-
Total assets	\$ 160,084	\$ 341,342	\$ 392,185	\$ 1,082,935	\$ 624,283
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ 5,530	\$ 3,043	\$ 32,549	\$ -
Due to other funds	-	191,779	288,043	29,280	-
Total liabilities	-	197,309	291,086	61,829	-
Fund Balances					
Nonspendable	-	-	-	16,969	-
Restricted	160,084	144,033	101,099	1,004,137	141,688
Assigned	-	-	-	-	482,595
Total fund balances	160,084	144,033	101,099	1,021,106	624,283
Total liabilities, deferred inflows of resources, and fund balances	\$ 160,084	\$ 341,342	\$ 392,185	\$ 1,082,935	\$ 624,283

Coronado Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2022

	Foundation Special Reserve Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Foundation Permanent Fund	Total Non-Major Governmental Funds
Assets					
Deposits and investments	\$ 564,611	\$ 95,755	\$ 1,293,576	\$ 297,919	\$ 3,988,182
Receivables	335,759	78,546	-	687	1,088,164
Due from other funds	11,006	-	-	-	185,973
Stores inventories	-	-	-	-	16,369
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 911,376</u>	<u>\$ 174,301</u>	<u>\$ 1,293,576</u>	<u>\$ 298,606</u>	<u>\$ 5,278,688</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 22,024	\$ 11,517	\$ -	\$ 2,250	\$ 76,913
Due to other funds	694,373	12,570	-	-	1,216,045
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>716,397</u>	<u>24,087</u>	<u>-</u>	<u>2,250</u>	<u>1,292,958</u>
Fund Balances					
Nonspendable	-	-	-	-	16,969
Restricted	194,574	150,214	1,293,576	-	3,189,405
Assigned	405	-	-	296,356	779,356
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>194,979</u>	<u>150,214</u>	<u>1,293,576</u>	<u>296,356</u>	<u>3,985,730</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 911,376</u>	<u>\$ 174,301</u>	<u>\$ 1,293,576</u>	<u>\$ 298,606</u>	<u>\$ 5,278,688</u>

Coronado Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2022

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
Revenues					
Federal sources	\$ -	\$ -	\$ 37,200	\$ 1,312,863	\$ -
Other State sources	-	469,293	410,417	103,935	-
Other local sources	515,865	6,054	5,556	98,874	(11,156)
Total revenues	515,865	475,347	453,173	1,515,672	(11,156)
Expenditures					
Current					
Instruction	-	139,743	327,608	-	-
Instruction-related activities					
Supervision of instruction	-	129,778	-	-	-
School site administration	-	241,525	63,008	-	-
Pupil services					
Food services	-	-	-	1,005,153	-
All other pupil services	-	-	31,349	-	-
Administration					
All other administration	-	22,306	17,677	-	-
Plant services	-	-	7,234	-	-
Ancillary services	502,231	-	-	-	-
Community services	-	-	-	-	-
Facility acquisition and construction	-	-	-	192,271	-
Debt service					
Principal	-	-	-	-	-
Interest and other	-	-	-	-	-
Total expenditures	502,231	533,352	446,876	1,197,424	-
Excess (Deficiency) of Revenues Over Expenditures	13,634	(58,005)	6,297	318,248	(11,156)
Other Financing Sources					
Transfers in	-	-	47,420	-	-
Other sources - proceeds from bond issuance	-	-	-	-	-
Other uses - payment to refunded bond escrow agent	-	-	-	-	-
Net Financing Sources (Uses)	-	-	47,420	-	-
Net Change in Fund Balances	13,634	(58,005)	53,717	318,248	(11,156)
Fund Balance - Beginning	146,450	202,038	47,382	702,858	635,439
Fund Balance - Ending	\$ 160,084	\$ 144,033	\$ 101,099	\$ 1,021,106	\$ 624,283

Coronado Unified School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2022

	Foundation Special Reserve Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Foundation Permanent Fund	Total Non-Major Governmental Funds
Revenues					
Federal sources	\$ -	\$ -	\$ -	\$ -	\$ 1,350,063
Other State sources	-	-	1,672	-	985,317
Other local sources	743,843	219,115	1,125,889	(5,330)	2,698,710
Total revenues	743,843	219,115	1,127,561	(5,330)	5,034,090
Expenditures					
Current					
Instruction	-	-	-	-	467,351
Instruction-related activities					
Supervision of instruction	-	-	-	3,315	133,093
School site administration	-	-	-	-	304,533
Pupil services					
Food services	-	-	-	-	1,005,153
All other pupil services	-	-	-	-	31,349
Administration					
All other administration	-	6,638	-	-	46,621
Plant services	272,073	2,225	-	-	281,532
Ancillary services	-	-	-	-	502,231
Community services	477,997	-	-	-	477,997
Facility acquisition and construction	-	-	-	-	192,271
Debt service					
Principal	-	355,000	845,000	-	1,200,000
Interest and other	-	191,741	348,850	-	540,591
Total expenditures	750,070	555,604	1,193,850	3,315	5,182,722
Excess (Deficiency) of Revenues Over Expenditures	(6,227)	(336,489)	(66,289)	(8,645)	(148,632)
Other Financing Sources					
Transfers in	-	461,744	-	-	509,164
Other sources - proceeds from bond issuance	-	-	4,737,625	-	4,737,625
Other uses - payment to refunded bond escrow agent	-	-	(4,642,625)	-	(4,642,625)
Net Financing Sources (Uses)	-	461,744	95,000	-	604,164
Net Change in Fund Balances	(6,227)	125,255	28,711	(8,645)	455,532
Fund Balance - Beginning	201,206	24,959	1,264,865	305,001	3,530,198
Fund Balance - Ending	\$ 194,979	\$ 150,214	\$ 1,293,576	\$ 296,356	\$ 3,985,730

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, 2022. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the net position or changes in net position and fund balance, or cash flows of the District.

Summary of Significant Accounting Policies

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

Indirect Cost Rate

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

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, 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 in the previous period were recorded as revenues but were unspent. These unspent balances have been expended in the current period. In addition, ARP California State Preschool Program One-time Stipend and Pandemic EBT Local Administrative Grant funds have been recorded in the current period as revenues that have not been expended as of June 30, 2022. These unspent balances are reported as legally restricted ending balances within the Cafeteria Special Revenue Fund and Child Development Fund.

	Federal Financial Assistance Listing Number	Amount
Total Federal Revenues reported on the Financial Statements		\$ 6,632,325
COVID-19 Child Development: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend	93.575	29,216
Child Development: ARP California State Preschool Program One-time Stipend	93.575	(37,200)
Pandemic EBT Local Administrative Grant	10.649	(614)
Total Federal Financial Assistance		\$ 6,623,727

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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



Independent Auditor's Reports
June 30, 2022

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 (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated February 10, 2023.

Adoption of New Accounting Standard

As discussed in Notes 1 and 17 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position and fund balances of the General Fund and Capital Project Fund for Blended Component Units as of July 1, 2021, to restate beginning net position and fund balances. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Coronado Unified School District's Response to Findings

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

Purpose of this Report

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



Rancho Cucamonga, California
February 10, 2023



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Coronado Unified School District’s (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2022. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

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

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

Rancho Cucamonga, California
February 10, 2023



Independent Auditor's Report on State Compliance

To the Governing Board
Coronado Unified School District
Coronado, California

Report on Compliance

Opinion on State Compliance

We have audited Coronado Unified School District's (the District) compliance with the requirements specified in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the District's state program requirements identified below for the year ended June 30, 2022.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District’s compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District’s compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the District’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District’s compliance with the state laws and regulations applicable to the following items:

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, see below
Continuation Education	No, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
 School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	No, see below
After/Before School Education and Safety Program	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	No, see below
Immunizations	Yes, see below
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
In Person Instruction Grant	Yes
 Charter Schools	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes - Classroom Based	No, see below
Charter School Facility Grant Program	No, see below

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

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

Rancho Cucamonga, California
February 10, 2023



Schedule of Findings and Questioned Costs
June 30, 2022

Coronado Unified School District

Financial Statements

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

Federal Awards

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

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing/ Federal CFDA Number
Impact Aid	84.041
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U
COVID-19 Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D
COVID-19 Expanded Learning Opportunities (ELO) Grant: GEER II	84.425C
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Emergency Needs	84.425U
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Learning Loss	84.425U
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

State Compliance

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

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

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

2022-001 Code – Financial Reporting/Audit Adjustments

Criteria or Specific Requirements

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

Condition

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

Questioned Costs

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

Context

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

Effect

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

Cause

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

Repeat Finding

No.

Recommendation

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

Corrective Action Plan and Views of Responsible Officials

A downward adjustment in Fair Market Value is relatively unprecedented which resulted in this overstatement of revenues during this reporting period. Moreover, while this adjustment reflects a snapshot in time reflecting unrealized losses, senior management recognizes the importance of the impacts of these year-end closing entries. In response to the findings noted and resulting audit adjustment, the Deputy Superintendent will ensure that a thorough review of the District's financial statements, including all adjusting entries, reclassifying entries, and conversion entries takes place before the financial statements are finalized by the District's business department.

None reported.

None reported.

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

State Compliance Findings

2021-001 10000 – Attendance and Distance Learning

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).

Current Status

Not applicable as the program was not required to be audited in 2021-2022.