



Annual Financial Report
June 30, 2019



CORONADO UNIFIED SCHOOL DISTRICT

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JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Coronado Unified School District
Coronado, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component 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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Coronado Schools Foundation, the District's discretely presented component unit, whose statements reflect total assets of \$8,828,898 as of June 30, 2019 and total revenues of \$2,781,012 for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and in our opinions, insofar as they relate to the amounts included for Coronado Unified School District, are based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2018-2019 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Coronado Schools Foundation were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Coronado Unified School District, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14, budgetary comparison schedule on page 72, schedule of changes in the District's total OPEB liability and related ratios on page 73, schedule of the District's proportionate share of the net OPEB liability - MPP program on page 74, schedule of the District's proportionate share of the net pension liability on page 75, and the schedule of District contributions on page 76, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The accompanying supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



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, 2019, with comparative information for the year ending June 30, 2018. 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) as well as all liabilities (including long-term obligations). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

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

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

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

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

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

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Coronado Unified School District.

CORONADO UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets and liabilities 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 liabilities, one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's *operating results*. Since the governing 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 - Most of the District's services are reported in this category. This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State and local grants, as well as general obligation bonds, finance these activities.

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.

CORONADO UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

Governmental Funds - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides.

Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position. 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.

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for funds held on behalf of others, like our funds for associated student body activities. The District's fiduciary activities are reported in the *Statement of Fiduciary Net Position* on page 26. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

- Total combined net position was \$61,323,096 at June 30, 2019. This was a decrease of \$3,880,917 from the prior year's net position.
- Overall revenues were \$43,332,548 which were exceeded by overall expenses of \$47,157,160.

CORONADO UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

THE DISTRICT AS A WHOLE

Net Position

The District's net position of governmental activities was \$61,233,096 for the fiscal year ended June 30, 2019. Of this amount, \$(23,230,230) was unrestricted deficit. Restricted net position is reported separately to show legal constraints from debt covenants grantors, constitutional provisions, and enabling legislation that limit the governing board's ability to use that net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities			Business-Type Activities		
	2019	2018	Net Change	2019	2018	Net Change
ASSETS						
Current and other assets	\$ 21,132,780	\$ 21,737,995	\$ (605,215)	\$ 286,319	\$ 240,908	\$ 45,411
Capital assets	92,567,543	95,902,966	(3,335,423)	-	-	-
Total Assets	113,700,323	117,640,961	(3,940,638)	286,319	240,908	45,411
Deferred Outflows of Resources	10,418,346	11,354,250	(935,904)	148,423	163,841	(15,418)
LIABILITIES						
Current liabilities	1,792,571	1,933,013	(140,442)	10,878	13,458	(2,580)
Long-term obligations	23,028,631	24,302,390	(1,273,759)	-	-	-
Net pension liability	35,058,236	35,013,570	44,666	525,470	524,670	800
Total Liabilities	59,879,438	61,248,973	(1,369,535)	536,348	538,128	(1,780)
Deferred Inflows of Resources	2,916,135	2,542,225	373,910	35,406	22,466	12,940
NET POSITION						
Net investment in capital assets	76,564,013	78,780,588	(2,216,575)	-	-	-
Restricted	7,989,313	2,769,593	5,219,720	-	-	-
Unrestricted	(23,230,230)	(16,346,168)	(6,884,062)	(137,012)	(155,845)	18,833
Total Net Position	\$ 61,323,096	\$ 65,204,013	\$ (3,880,917)	\$ (137,012)	\$ (155,845)	\$ 18,833

The \$(23,230,230) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations.

CORONADO UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 16. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities			Business-Type Activities		
	2019	2018	Net Change	2019	2018	Net Change
Revenues						
Program revenues:						
Charges for services	\$ 653,931	\$ 560,849	\$ 93,082	\$ 558,552	\$ 397,819	\$ 160,733
Operating grants and contributions	7,396,480	5,378,955	2,017,525	16,470	10,448	6,022
General revenues:						
Federal and State aid not restricted	17,420,451	13,715,439	3,705,012	-	-	-
Property taxes	14,990,947	16,805,087	(1,814,140)	-	-	-
Other general revenues	2,870,739	3,789,642	(918,903)	2,000	1,590	410
Total Revenues	43,332,548	40,249,972	3,082,576	577,022	409,857	167,165
Expenses						
Instruction	26,571,978	23,046,541	3,525,437	-	-	-
Instruction-related	4,324,420	4,140,742	183,678	-	-	-
Pupil services	4,210,671	3,734,658	476,013	-	-	-
Administration	2,381,113	2,079,653	301,460	-	-	-
Plant Services	3,997,427	3,790,292	207,135	-	-	-
Ancillary and community services	1,224,182	1,137,089	87,093	-	-	-
Interest on long-term obligations	463,562	359,851	103,711	-	-	-
Depreciation	3,936,118	3,711,274	224,844	-	-	-
Other	47,689	-	47,689	599,509	605,430	(5,921)
Total Expenses	47,157,160	42,000,100	5,157,060	599,509	605,430	(5,921)
Excess (Deficiency)						
Transfers	(56,305)	(75,270)	18,965	41,320	75,270	(33,950)
Change in Net Position	\$ (3,880,917)	\$ (1,825,398)	\$ (2,055,519)	\$ 18,833	\$ (120,303)	\$ 139,136

CORONADO UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Governmental Activities

As reported in the *Statement of Activities* on page 16, the cost of all of our governmental activities this year was \$47,157,160. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$14,990,947 because the cost was paid by those who benefited from the programs (\$653,931) or by other governments and organizations who subsidized certain programs with grants and contributions (\$7,396,480). We paid for the remaining "public benefit" portion of our governmental activities with \$20,291,190 in State funds, and 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, instruction-related, pupil services, administration, plant services, ancillary and community services, interest on long-term obligations, enterprise services, and depreciation. 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	
	2019	2018	2019	2018
Instruction	\$ 26,571,978	\$ 23,046,541	\$ 20,962,308	\$ 19,030,167
Instruction-related activities	4,324,420	4,140,742	3,790,103	3,743,279
Pupil services	4,210,671	3,734,658	3,106,137	2,753,564
Administration	2,381,113	2,079,653	2,191,810	1,975,148
Plant services	3,997,427	3,790,292	3,754,732	3,624,322
Ancillary and community services	1,224,182	1,137,089	889,468	877,313
Interest on long-term obligations	463,562	359,851	463,562	355,777
Enterprise services	47,150	33,146	16,195	22,598
Depreciation	3,936,118	3,678,128	3,936,118	3,678,128
Other	539	-	(3,684)	-
Total	\$ 47,157,160	\$ 42,000,100	\$ 39,106,749	\$ 36,060,296

CORONADO UNIFIED SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$19,433,141.

Table 4

	Fund Balance			
	July 1, 2018	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2019
General Fund	\$ 6,233,901	\$ 40,371,536	\$ 40,092,071	\$ 6,513,366
Special Reserve Fund for Capital Outlay Projects	10,885,699	2,555,813	3,096,099	10,345,413
Adult Education Fund	248,728	272,129	319,660	201,197
Child Development Fund	15,467	143,459	144,033	14,893
Cafeteria Fund	45,969	820,749	710,260	156,458
Deferred Maintenance Fund	684,042	8,623	81,452	611,213
Foundation Special Reserve Fund	26,666	539,358	566,024	-
Capital Facilities Fund	368,825	350,882	554,350	165,357
Bond Interest and Redemption Fund	1,100,577	1,069,595	1,042,550	1,127,622
Foundation Permanent Fund	294,774	4,786	1,938	297,622
Total	\$ 19,904,648	\$ 46,136,930	\$ 46,608,437	\$ 19,433,141

The primary reasons for these increases/decreases are:

- a. Our General Fund is our principal operating fund. The fund balance in the General Fund increased \$0.3 million to \$6,513,366 million. This increase is due to transfers in from the Special Reserve Fund for Capital Outlay Projects utilized to 'balance' the General Fund. Transfers in include amounts to support the operating deficit in the General Fund.
- b. The fund balance in the Special Reserve Fund for Capital Outlay Projects decreased \$0.5 million to \$10,345,413 as a result of one-time expenditures related to roofing and turf capital outlay projects.

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 20, 2019. (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 72).

CORONADO UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, the District had \$92,567,543 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 \$3,335,423.

Table 5

	Governmental Activities		
	2019	2018	Net Change
Land and construction in process	\$ 932,378	\$ 588,878	\$ 343,500
Buildings and improvements	90,968,126	94,431,981	(3,463,855)
Furniture and equipment	667,039	882,107	(215,068)
Total	\$ 92,567,543	\$ 95,902,966	\$ (3,335,423)

This year's additions of \$343,470 included land and building improvements, and classroom equipment such as computers. No debt was issued for these additions.

Several capital projects are in progress and planned for the 2019-2020 year. We anticipate capital additions to be \$2 million for the 2019-2020 year.

We present more detailed information about our capital assets in Note 5 to the financial statements.

Long-Term Obligations

At the end of this year, the District had \$23,028,631 in long-term obligations outstanding versus \$24,302,390 last year. Those obligations consisted of:

Table 6

	Governmental Activities		
	2019	2018	Net Change
General obligation bonds - net	\$ 8,735,115	\$ 9,554,222	\$ (819,107)
Certificates of participation - net	7,440,630	7,769,074	(328,444)
Supplemental early retirement plan	603,819	805,092	(201,273)
Compensated absences	126,923	139,075	(12,152)
Net other postemployment benefits (OPEB) liability	6,122,144	6,034,927	87,217
Total	\$ 23,028,631	\$ 24,302,390	\$ (1,273,759)

CORONADO UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

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 compensated absences payable and net other postemployment benefits (OPEB) liability.

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

Net Pension Liability (NPL)

At year-end, the District has a net pension liability of \$35,058,236 versus \$35,013,570 last year, an increase of \$44,666, or 0.13 percent.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

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

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

State revenues are estimated to increase modestly in 2019-2020 but there is uncertainty about the State's long-term economic growth, and indicators of a slowing economy have already been observed. With the LCFF fully funded in 2018-2019, and with school districts entering into a period of marginal increases with a Cost-of-Living Adjustment (COLA) only environment, a pattern of deficit spending is expected as expenditures related to employee retirement and benefit programs continue to grow. According to the Legislative Analyst's Office, there are concerns about a possible mild recession. In addition, purchasing power has not been restored to pre-2007/08 levels for most school districts as added funding is going to pay for increases in CalPERS and CalSTRS rates increases and rising health care costs.

CORONADO UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

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, 2019. The amount of the liability is material to the financial position of the District. To address the underfunding issues, the pension plans continue to raise employer rates in future years and the increased costs are significant.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, inter-district transfers in or out, economic conditions and housing values. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to make adjustments in fixed operating costs.

All of these factors were considered in preparing the District's budget for the 2019-2020 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 Assistant Superintendent, at Coronado Unified School District, 201 Sixth Street, Coronado, California.

CORONADO UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2019

	Governmental Activities	Business-Type Activities
ASSETS		
Deposits and investments	\$ 15,863,687	\$ 332,286
Restricted assets - pension trust	2,900,000	-
Receivables	2,298,743	18,043
Internal balances	64,010	(64,010)
Prepaid expenses	-	-
Stores inventories	6,340	-
Capital assets		
Land and construction in process	932,378	-
Capital assets being depreciated	148,200,506	-
Accumulated depreciation	(56,565,341)	-
Total Capital Assets	<u>92,567,543</u>	<u>-</u>
Total Assets	<u>113,700,323</u>	<u>286,319</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	172,215	-
Deferred outflows of resources related to net OPEB liability	430,839	-
Deferred outflows of resources related to pensions	9,815,292	148,423
Total Deferred Outflows of Resources	<u>10,418,346</u>	<u>148,423</u>
LIABILITIES		
Accounts payable	1,665,753	10,878
Accrued interest payable	92,932	-
Unearned revenue	33,886	-
Scholarships and grants due	-	-
Long-term obligations		
Current portion of long-term obligations other than pensions	1,271,273	-
Noncurrent portion of long-term obligations other than pensions	21,757,358	-
Total Long-Term Obligations	<u>23,028,631</u>	<u>-</u>
Aggregate net pension liability	35,058,236	525,470
Total Liabilities	<u>59,879,438</u>	<u>536,348</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to net OPEB liability	218,831	-
Deferred inflows of resources related to pensions	2,697,304	35,406
Total Deferred Inflows of Resources	<u>2,916,135</u>	<u>35,406</u>
NET POSITION		
Net investment in capital assets	76,564,013	-
Restricted for:		
Debt service	1,034,690	-
Capital projects	2,641,838	-
Educational programs	950,752	-
Other activities	3,362,033	-
Permanent endowment	-	-
Unrestricted (Deficit)	(23,230,230)	(137,012)
Total Net Position	<u>\$ 61,323,096</u>	<u>\$ (137,012)</u>

The accompanying notes are an integral part of these financial statements.

Total	Coronado Schools Foundation
\$ 16,195,973	\$ 7,438,154
2,900,000	-
2,316,786	1,373,352
-	-
-	14,514
6,340	-
932,378	-
148,200,506	19,468
(56,565,341)	(16,590)
<u>92,567,543</u>	<u>2,878</u>
<u>113,986,642</u>	<u>8,828,898</u>
172,215	-
430,839	-
9,963,715	-
<u>10,566,769</u>	<u>-</u>
1,676,631	42,498
92,932	-
33,886	32,895
-	797,963
1,271,273	-
21,757,358	-
<u>23,028,631</u>	<u>-</u>
<u>35,583,706</u>	<u>-</u>
<u>60,415,786</u>	<u>873,356</u>
218,831	-
2,732,710	-
<u>2,951,541</u>	<u>-</u>
76,564,013	-
1,034,690	-
2,641,838	-
950,752	-
3,362,033	243,351
-	2,650,996
(23,367,242)	5,061,195
<u>\$ 61,186,084</u>	<u>\$ 7,955,542</u>

CORONADO UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues	
		Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities			
Instruction	\$ 26,571,978	\$ -	\$ 5,609,670
Instruction-related activities:			
Supervision of instruction	398,401	-	79,205
Instructional library, media, and technology	981,925	-	26,385
School site administration	2,944,094	-	428,727
Pupil services:			
Home-to-school transportation	778,393	-	-
Food services	721,976	653,931	157,628
All other pupil services	2,710,302	-	292,975
Administration:			
All other administration	2,381,113	-	189,303
Plant services	3,997,427	-	242,695
Facility acquisition and construction	539	-	-
Ancillary services	501,641	-	28,236
Community services	722,541	-	306,478
Enterprise services	47,150	-	30,955
Interest on long-term obligations	463,562	-	-
Other outgo	-	-	4,223
Depreciation (unallocated) ¹	3,936,118	-	-
Total Governmental Activities	\$ 47,157,160	\$ 653,931	\$ 7,396,480
Business-Type Activities			
Enterprise services	599,509	558,552	16,470
Total School District	\$ 47,756,669	\$ 1,212,483	\$ 7,412,950
Discretely Presented Component Unit			
Program services	\$ 1,036,460	\$ -	\$ -
Management and general	108,812	-	-
Fundraising	231,473	-	-
Total	\$ 1,376,745	\$ -	\$ -
General revenues and subventions:			
Property taxes, levied for general purposes			
Property taxes, levied for debt service			
Taxes levied for other specific purposes			
Federal and State aid not restricted to specific purposes			
Interest and investment earnings			
Transfers			
Miscellaneous			
Subtotal, General Revenues			
Change in Net Position			
Net Position - Beginning			
Net Position - Ending			

¹ This amount excludes depreciation that is included in the direct expenses of the various programs.

The accompanying notes are an integral part of these financial statements.

Net (Expenses) Revenues and Changes in Net Position			
Governmental Activities	Business-Type Activities	Total	Coronado Schools Foundation
\$ (20,962,308)	\$ -	\$ (20,962,308)	\$ -
(319,196)	-	(319,196)	-
(955,540)	-	(955,540)	-
(2,515,367)	-	(2,515,367)	-
(778,393)	-	(778,393)	-
89,583	-	89,583	-
(2,417,327)	-	(2,417,327)	-
(2,191,810)	-	(2,191,810)	-
(3,754,732)	-	(3,754,732)	-
(539)	-	(539)	-
(473,405)	-	(473,405)	-
(416,063)	-	(416,063)	-
(16,195)	-	(16,195)	-
(463,562)	-	(463,562)	-
4,223	-	4,223	-
(3,936,118)	-	(3,936,118)	-
(39,106,749)	-	(39,106,749)	-
-	(24,487)	(24,487)	-
(39,106,749)	(24,487)	(39,131,236)	-
-	-	-	(1,036,460)
-	-	-	(108,812)
-	-	-	(231,473)
-	-	-	(1,376,745)
11,530,875	-	11,530,875	-
1,058,437	-	1,058,437	-
2,401,635	-	2,401,635	-
17,420,451	-	17,420,451	-
291,031	2,000	293,031	369,647
(41,320)	41,320	-	-
2,564,723	-	2,564,723	2,411,365
35,225,832	43,320	35,269,152	2,781,012
(3,880,917)	18,833	(3,862,084)	1,404,267
65,204,013	(155,845)	65,048,168	6,551,275
\$ 61,323,096	\$ (137,012)	\$ 61,186,084	\$ 7,955,542

CORONADO UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2019

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Deposits and investments	\$ 2,954,041	\$ 10,219,478	\$ 2,690,168	\$ 15,863,687
Restricted assets - pension trust	2,900,000	-	-	2,900,000
Receivables	1,866,975	40,884	390,884	2,298,743
Due from other funds	2,577,413	2,509,228	86,894	5,173,535
Stores inventories	-	-	6,340	6,340
Total Assets	\$ 10,298,429	\$ 12,769,590	\$ 3,174,286	\$ 26,242,305
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,214,725	\$ 389,569	\$ 61,459	\$ 1,665,753
Due to other funds	2,570,338	2,034,608	504,579	5,109,525
Unearned revenue	-	-	33,886	33,886
Total Liabilities	3,785,063	2,424,177	599,924	6,809,164
Fund Balances:				
Nonspendable	10,000	-	6,940	16,940
Restricted	3,706,057	2,476,481	2,041,395	8,223,933
Assigned	1,392,135	7,868,932	526,027	9,787,094
Unassigned	1,405,174	-	-	1,405,174
Total Fund Balances	6,513,366	10,345,413	2,574,362	19,433,141
Total Liabilities and Fund Balances	\$ 10,298,429	\$ 12,769,590	\$ 3,174,286	\$ 26,242,305

The accompanying notes are an integral part of these financial statements.

CORONADO UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2019

Total Fund Balance - Governmental Funds		\$ 19,433,141
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	\$ 149,132,884	
Accumulated depreciation is	<u>(56,565,341)</u>	
Net Capital Assets		92,567,543
Deferred gains or losses on refunding of debt (the difference between the reacquisition prices and the net carrying amount of refunded debt) are capitalized and amortized over the remaining life of the new or old debt (whichever is shorter) and are included with governmental activities expense.		172,215
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term obligations is recognized when it is incurred.		(92,932)
Deferred outflows of resources related to pensions represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to pensions at year-end consist of:		
Pension contributions subsequent to measurement date	3,376,996	
Net change in proportionate share of net pension liability	739,132	
Differences between projected and actual earnings on pension plan investments	77,991	
Differences between expected and actual experience in the measurement of the total pension liability.	702,559	
Changes of assumptions	<u>4,918,614</u>	
Total Deferred Outflows of Resources Related to Pensions		9,815,292
Deferred inflows of resources related to pensions represent an acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to pensions at year-end consist of:		
Net change in proportionate share of net pension liability	(1,342,344)	
Differences between projected and actual earnings on pension plan investments	(983,833)	
Differences between expected and actual experience in the measurement of the total pension liability.	<u>(371,127)</u>	
Total Deferred Inflows of Resources Related to Pensions		(2,697,304)

The accompanying notes are an integral part of these financial statements.

CORONADO UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION (Continued) JUNE 30, 2019

Deferred inflows of resources related to OPEB represent an acquisition of net position in a future period and is not reported in the District's funds. Deferred inflows of resources related to OPEB at year-end consist of changes of assumptions.		\$	(218,831)
Deferred outflows of resources related to OPEB represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to OPEB at year-end consist of amounts paid by the District for OPEB as the benefits comes due subsequent to the measurement date.			430,839
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.			(35,058,236)
Long-term obligations, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term obligations at year-end consist of:			
General obligation bonds	\$	(7,825,000)	
Unamortized premium on bonds		(910,115)	
Certificates of participation		(7,230,000)	
Unamortized premium on certificates of participation		(210,630)	
Compensated absences (vacations)		(126,923)	
Supplemental early retirement program		(603,819)	
Net other postemployment benefits (OPEB) liability		(6,122,144)	
Total Long-Term Obligations			(23,028,631)
Total Net Position - Governmental Activities			\$ 61,323,096

The accompanying notes are an integral part of these financial statements.

CORONADO UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Local control funding formula	\$ 25,815,724	\$ -	\$ -	\$ 25,815,724
Federal sources	3,350,825	-	131,601	3,482,426
Other State sources	4,892,657	-	327,062	5,219,719
Other local sources	4,239,760	2,555,813	2,640,162	9,435,735
Total Revenues	38,298,966	2,555,813	3,098,825	43,953,604
EXPENDITURES				
Current				
Instruction	26,061,327	-	258,058	26,319,385
Instruction-related activities:				
Supervision of instruction	326,519	-	63,012	389,531
Instructional library, media, and technology	958,842	-	-	958,842
School site administration	2,762,613	-	110,370	2,872,983
Pupil services:				
Home-to-school transportation	778,393	-	-	778,393
Food services	12,209	-	710,260	722,469
All other pupil services	2,630,724	-	-	2,630,724
Administration:				
All other administration	2,302,015	-	29,201	2,331,216
Plant services	3,308,531	430,096	222,961	3,961,588
Ancillary services	493,102	-	-	493,102
Community services	365,650	-	343,063	708,713
Enterprise services	33,811	-	-	33,811
Facility acquisition and construction	-	585,435	8,455	593,890
Debt service				
Principal	-	-	1,010,000	1,010,000
Interest and other	-	-	579,144	579,144
Total Expenditures	40,033,736	1,015,531	3,334,524	44,383,791
Excess (Deficiency) of Revenues Over Expenditures	(1,734,770)	1,540,282	(235,699)	(430,187)
Other Financing Sources (Uses)				
Transfers in	2,072,570	-	110,756	2,183,326
Transfers out	(58,335)	(2,080,568)	(85,743)	(2,224,646)
Net Financing Sources (Uses)	2,014,235	(2,080,568)	25,013	(41,320)
NET CHANGE IN FUND BALANCES	279,465	(540,286)	(210,686)	(471,507)
Fund Balances - Beginning	6,233,901	10,885,699	2,785,048	19,904,648
Fund Balances - Ending	\$ 6,513,366	\$ 10,345,413	\$ 2,574,362	\$ 19,433,141

The accompanying notes are an integral part of these financial statements.

CORONADO UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

Total Net Change in Fund Balances - Governmental Funds **\$ (471,507)**
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

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

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

Depreciation expense	\$ (3,936,118)	
Capital outlay	<u>600,695</u>	
Net Expense Adjustment		(3,335,423)

In the Statement of Activities, certain operating expenses - compensated absences (vacations) and special termination benefits (early retirement) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, there were \$201,273 in special termination benefits paid. Vacation earned was less than the amount used by \$12,152.

213,425

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows, and net pension liability during the year.

(1,367,383)

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.

(45,611)

The accompanying notes are an integral part of these financial statements.

CORONADO UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, (Continued)
FOR THE YEAR ENDED JUNE 30, 2019**

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

Amortization of debt premium	\$ 137,551	
Amortization of deferred charge on refunding	<u>(28,703)</u>	
Combined Adjustment		\$ 108,848

Payment of principal on long-term obligations is an expenditure in the governmental funds, but it reduces long-term obligations in the Statement of Net Position and does not affect the Statement of Activities:

General obligation bonds	695,000
Certificates of participation	315,000

Interest on long-term obligations 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 accrues, regardless of when it is due.

	<u>6,734</u>
Change in Net Position of Governmental Activities	<u><u>\$ (3,880,917)</u></u>

The accompanying notes are an integral part of these financial statements.

CORONADO UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019**

	Business-Type Activities Enterprise Funds Preschool Enterprise Fund
ASSETS	
Current Assets	
Deposits and investments	\$ 332,286
Receivables	18,043
Due from other funds	74,820
Total Assets	<u>425,149</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	<u>148,423</u>
 LIABILITIES	
Current Liabilities	
Accounts payable	10,878
Due to other funds	138,830
Total Current Liabilities	<u>149,708</u>
Noncurrent Liabilities	
Net pension liability	525,470
Total Liabilities	<u>675,178</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	<u>35,406</u>
 NET POSITION	
Unrestricted (Deficit)	(137,012)
Total Net Position	<u>\$ (137,012)</u>

The accompanying notes are an integral part of these financial statements.

CORONADO UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION
JUNE 30, 2019**

	Business-Type Activities Preschool Enterprise Fund
OPERATING REVENUES	
Other local revenues	\$ 558,552
OPERATING EXPENSES	
Payroll costs	564,709
Supplies and materials	5,206
Facility rental	729
Other operating cost	28,865
Total Operating Expenses	599,509
Operating Loss	(40,957)
NONOPERATING REVENUES	
Interest income	2,000
Transfers in	56,305
Transfers out	(14,985)
Grants	16,470
Total Nonoperating Revenue	59,790
Change in Net Position	18,833
Total Net Position - Beginning	(155,845)
Total Net Position - Ending	\$ (137,012)

The accompanying notes are an integral part of these financial statements.

CORONADO UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
JUNE 30, 2019**

	Business-Type Activities
	Preschool Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from user charges	\$ 540,943
Cash receipts from interfund services provided	23,768
Cash payments to employees for services	(414,920)
Cash payments to other suppliers of goods or services	(7,786)
Cash payments for other operating expenses	(29,594)
Net Cash Provided by Operating Activities	<u>112,411</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Nonoperating grants received	<u>16,470</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfers from other funds	<u>41,320</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>2,000</u>
Net Increase in Cash and Cash Equivalents	172,201
Cash and Cash Equivalents - Beginning	160,085
Cash and Cash Equivalents - Ending	<u>\$ 332,286</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (40,957)
Changes in assets and liabilities:	
Receivables	(17,609)
Due from other fund	23,768
Deferred outflows of resources	15,418
Accounts payables	(2,580)
Due to other fund	120,631
Deferred inflows of resources	12,940
Net pension liability	800
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 112,411</u>

The accompanying notes are an integral part of these financial statements.

CORONADO UNIFIED SCHOOL DISTRICT

**FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2019**

	<u>Student Body Fund</u>
ASSETS	
Deposits and investments	\$ 636,732
	<u><u>636,732</u></u>
LIABILITIES	
Due to student groups	\$ 636,732
	<u><u>636,732</u></u>

The accompanying notes are an integral part of these financial statements.

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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 the 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 also 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*, and thus is 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 fiduciary.

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

Major Governmental Funds

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

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 \$3,097,012.

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).

Non-Major Governmental Funds

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

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

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

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

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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 obligations.

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.

CORONADO UNIFIED SCHOOL DISTRICT

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

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

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

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

CORONADO UNIFIED SCHOOL DISTRICT

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

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 balance 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.

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

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 90 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. 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.

CORONADO UNIFIED SCHOOL DISTRICT

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Unearned Revenue Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Certain grants received before the eligibility requirements are met are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

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, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, 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 held at June 30, 2019, 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, 2019, the balance of the trust was \$2,900,000.

Prepaid Expenditures (Expenses)

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures when incurred.

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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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 funds, and as expenses in the fiduciary funds.

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 estimated fair market value on the date donated.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings and improvements, 20 to 50 years; equipment, 5 to 20 years.

Interfund Balances

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

Compensated Absences

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

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

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations 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 obligations of the funds.

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

Debt Issuance Costs, Premiums, and Discounts

In the government-wide and proprietary fund 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.

In governmental fund financial statements, bond premiums are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

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 OPEB related items and for pension related items.

Pensions

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

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, 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.

Fund Balances - Governmental Funds

As of June 30, 2019, 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.

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Net Position

Net position represents the difference between assets and liabilities. 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 \$7,989,313 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

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

CORONADO UNIFIED SCHOOL DISTRICT

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This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

The District has implemented the provisions of this Statement as of June 30, 2019.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The District has implemented the provisions of this Statement as of June 30, 2019.

New Accounting Pronouncements

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

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

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2018. Early implementation is encouraged.

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged.

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

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

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

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

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

CORONADO UNIFIED SCHOOL DISTRICT

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JUNE 30, 2019

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

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

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

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

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

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

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

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

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

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

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

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

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2020. Early implementation is encouraged.

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2019, are classified in the accompanying financial statements as follows:

Governmental activities	\$	15,863,687
Business-type activities		332,286
Fiduciary funds		636,732
Component Unit - Coronado Schools Foundation		7,438,154
Total Deposits and Investments	\$	<u>24,270,859</u>

Deposits and investments as of June 30, 2019, consist of the following:

Cash on hand and in banks	\$	1,422,580
Cash in revolving		10,600
Investments		22,837,679
Total Deposits and Investments	\$	<u>24,270,859</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.

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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 \$16,185,373 with San Diego County Treasury Investment Pool that has an average weighted maturity of 528 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, 2019.

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

Coronado Schools Foundation Investments

Investments are reported at fair value and consist of the following at June 30, 2019:

	Cost	Fair Value
Stock Mutual Funds	\$ 3,248,279	\$ 4,459,953
Bond Mutual Funds	2,165,032	2,192,353
	<u>\$ 5,413,311</u>	<u>\$ 6,652,306</u>

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2019, the District had a bank balance of \$667,940 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.

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Uncategorized - Investments in the San Diego County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The District's fair value measurements are as follows at June 30, 2019:

Investment Type	Reported Amount	Fair Value Measurements	
		Using Level 1 Inputs	Uncategorized
San Diego County Treasury Investment Pool	\$ 16,185,373	-	\$ 16,185,373
Stock Mutual Funds*	4,459,953	4,459,953	-
Bond Mutual Funds*	2,192,353	2,192,353	-
Total	<u>\$ 22,837,679</u>	<u>\$ 6,652,306</u>	<u>\$ 16,185,373</u>

* Investments held by the Component Unit – Coronado Schools Foundation

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

NOTE 4 - RECEIVABLES

Receivables at June 30, 2019, 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	Non-Major Governmental Funds	Total	Proprietary Funds
Federal Government					
Categorical aid	\$ 920,633	\$ -	\$ 37,979	\$ 958,612	\$ -
State Government					
Principal apportionment	67,270	-	-	67,270	-
Categorical aid	98,394	-	20,240	118,634	-
Lottery	143,153	-	-	143,153	-
Special education	137,985	-	-	137,985	-
Local Government					
Interest	34,793	40,884	6,858	82,535	790
Other Local Sources	464,747	-	325,807	790,554	17,253
Total	<u>\$ 1,866,975</u>	<u>\$ 40,884</u>	<u>\$ 390,884</u>	<u>\$ 2,298,743</u>	<u>\$ 18,043</u>

CORONADO UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 569,949	\$ -	\$ -	\$ 569,949
Construction in process	18,929	350,000	6,500	362,429
Total Capital Assets Not Being Depreciated	<u>588,878</u>	<u>350,000</u>	<u>6,500</u>	<u>932,378</u>
Capital Assets Being Depreciated				
Land improvements	18,402,226	102,776	-	18,505,002
Buildings and improvements	125,463,238	66,333	-	125,529,571
Furniture and equipment	4,077,847	88,086	-	4,165,933
Total Capital Assets Being Depreciated	<u>147,943,311</u>	<u>257,195</u>	<u>-</u>	<u>148,200,506</u>
Less Accumulated Depreciation				
Land improvements	11,930,837	887,821	-	12,818,658
Buildings and improvements	37,502,646	2,745,143	-	40,247,789
Furniture and equipment	3,195,740	303,154	-	3,498,894
Total Accumulated Depreciation	<u>52,629,223</u>	<u>3,936,118</u>	<u>-</u>	<u>56,565,341</u>
Governmental Activities Capital Assets, Net	<u><u>\$95,902,966</u></u>	<u><u>\$ (3,328,923)</u></u>	<u><u>\$ 6,500</u></u>	<u><u>\$ 92,567,543</u></u>

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

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

NOTE 6 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2019, between major and non-major governmental funds, non-major enterprise funds, internal service funds, and fiduciary funds are as follows:

Due To	Due From				Total
	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Preschool Enterprise Fund	
General Fund	\$ -	\$ 1,991,118	\$ 462,993	\$ 123,302	\$ 2,577,413
Special Reserve Fund for Capital Outlay Projects	2,485,126	-	24,102	-	2,509,228
Non-Major Governmental Funds	23,585	43,490	4,291	15,528	86,894
Preschool Enterprise Fund	61,627	-	13,193	-	74,820
Total	<u>\$ 2,570,338</u>	<u>\$ 2,034,608</u>	<u>\$ 504,579</u>	<u>\$ 138,830</u>	<u>\$ 5,248,355</u>

The balance of \$1,991,118 due to the General Fund from the Special Reserve Fund for Capital Outlay Projects resulted from operational support costs.

The balance of \$2,485,126 due to the Special Reserve Fund for Capital Outlay Projects from the General Fund resulted from redevelopment agency funds.

A balance of \$59,734 due to the General Fund from the Adult Education Non-Major Governmental Fund is for indirect and payroll support costs.

A balance of \$27,051 due to the General Fund from the Child Development Non-Major Governmental Fund is for reimbursement of program support costs.

A balance of \$120,618 due to the General Fund from the Cafeteria Non-Major Governmental Fund is for reimbursement of program support costs.

A balance of \$247,834 due to the General Fund from the Foundation Special Reserve Non-Major Governmental Fund is for indirects and payroll support costs.

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

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Operating Transfers

Interfund transfers for the year ended June 30, 2019, consisted of the following:

Transfer To	Transfer From				Total
	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Preschool Enterprise Fund	
General Fund	\$ -	\$ 1,991,118	\$ 81,452	\$ -	\$ 2,072,570
Non-Major Governmental Funds	2,030	89,450	4,291	14,985	110,756
Preschool Enterprise Fund	56,305	-	-	-	56,305
Total	<u>\$ 58,335</u>	<u>\$ 2,080,568</u>	<u>\$ 85,743</u>	<u>\$ 14,985</u>	<u>\$ 2,239,631</u>

The General Fund transferred to the Cafeteria Non-Major Governmental Fund for program contribution.	\$ 2,030
The General Fund transferred to the Preschool Enterprise Fund for student services rendered.	56,305
The Special Reserve Fund for Capital Outlay Projects transferred to the General Fund for operational support of maintenance project costs.	1,991,118
The Special Reserve Fund for Capital Outlay Projects transferred to the Capital Facilities Non-Major Governmental Fund for operational support of maintenance project costs.	89,450
The Child Development Non-Major Governmental Fund transferred to the Cafeteria Non-Major Governmental Fund for meals reimbursement costs.	4,291
The Deferred Maintenance Non-Major Governmental Fund transferred to the General Fund for project reimbursement costs.	81,452
The Preschool Enterprise Fund transferred to the Child Development Non-Major Governmental Fund for reimbursement of program costs.	1,494
The Preschool Enterprise Fund transferred to the Cafeteria Non-Major Governmental Fund for services rendered.	13,491
Total	<u>\$ 2,239,631</u>

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CORONADO UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2019, consisted of the following:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds	Proprietary Fund
Salaries and benefits	\$ 556,187	\$ -	\$ 24,225	\$ 580,412	\$ 9,836
Materials and supplies	50,578	12,514	18,436	81,528	-
Other services	603,392	27,055	12,379	642,826	1,042
Construction	-	350,000	5,689	355,689	-
Other vendor payables	4,568	-	730	5,298	-
Total	<u>\$ 1,214,725</u>	<u>\$ 389,569</u>	<u>\$ 61,459</u>	<u>\$ 1,665,753</u>	<u>\$ 10,878</u>

NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2019, consisted of the following:

Other local	Non-Major Governmental Funds
	<u>\$ 33,886</u>

CORONADO UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the year consisted of the following:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Due in One Year
General obligation bonds	\$ 8,520,000	\$ -	\$ 695,000	\$ 7,825,000	\$ 745,000
Unamortized premium	1,034,222	-	124,107	910,115	-
Certificates of participation	7,545,000	-	315,000	7,230,000	325,000
Unamortized premium	224,074	-	13,444	210,630	-
Supplemental early retirement plan	805,092	-	201,273	603,819	201,273
Compensated absences	139,075	-	12,152	126,923	-
Net other postemployment benefits (OPEB) liability	6,034,927	493,288	406,071	6,122,144	-
	<u>\$ 24,302,390</u>	<u>\$ 493,288</u>	<u>\$ 1,767,047</u>	<u>\$ 23,028,631</u>	<u>\$ 1,271,273</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 compensated absences will be paid by the fund for which the employee worked. The supplemental early retirement plan and net other postemployment benefits (OPEB) liability are paid by the General Fund.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds		Bonds
				Outstanding July 1, 2018	Redeemed	Outstanding June 30, 2019
2/23/12	8/1/26	2.00-5.00%	\$ 12,100,000	<u>\$ 8,520,000</u>	<u>\$ 695,000</u>	<u>\$ 7,825,000</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 percent. The bonds were issued to currently refund all of the District's outstanding General Obligation Bonds 1998 Election Series A, to advance refund a portion of the District's outstanding General Obligation Bonds 1998 Election, Series B, and pay the costs of issuing the Bonds. At June 30, 2019, the principal balance outstanding on the 2012 General Obligation Bonds was \$7,825,000 and unamortized premium received on issuance of the bonds amounted to \$910,115.

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

Debt Service Requirements to Maturity - All Series

The bonds mature through 2027 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 745,000	\$ 317,250	\$ 1,062,250
2021	790,000	286,550	1,076,550
2022	845,000	253,850	1,098,850
2023	900,000	216,100	1,116,100
2024	975,000	180,625	1,155,625
2025-2027	3,570,000	268,100	3,838,100
Total	<u>\$ 7,825,000</u>	<u>\$ 1,522,475</u>	<u>\$ 9,347,475</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 refunding certificates range from 2.125 to 5.000 percent. The refunding certificates have a final maturity to occur on November 1, 2035. As of June 30, 2019, the principal balance outstanding was \$7,230,000 and unamortized premium received on issuance of the certificates amounted to \$210,630.

The certificates mature through 2036, as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 325,000	\$ 218,944	\$ 543,944
2021	340,000	205,644	545,644
2022	355,000	191,744	546,744
2023	365,000	177,344	542,344
2024	380,000	164,344	544,344
2025-2029	2,055,000	662,034	2,717,034
2030-2034	2,360,000	345,113	2,705,113
2035-2036	1,050,000	33,125	1,083,125
Total	<u>\$ 7,230,000</u>	<u>\$ 1,998,292</u>	<u>\$ 9,228,292</u>

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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 5 years beginning July 1, 2017. Future payments are as follows:

Year Ending June 30,	Total Payments
2020	\$ 201,273
2021	201,273
2022	201,273
Total	<u>\$ 603,819</u>

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2019, amounted to \$126,923.

Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2019, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 5,929,321	\$ 430,839	\$ 218,831	\$ 66,267
Medicare Premium Payment (MPP) Program	192,823	-	-	(20,656)
Total	<u>\$ 6,122,144</u>	<u>\$ 430,839</u>	<u>\$ 218,831</u>	<u>\$ 45,611</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.

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Plan Membership

At June 30, 2017, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	65
Active employees	291
	<u>356</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 June 30, 2018 measurement period, the District paid \$385,415 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of \$5,929,321 was measured as of June 30, 2018, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2017.

Actuarial Assumptions

The total OPEB liability for the June 30, 2018 measurement period was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2017 and rolling forward the total OPEB liability to June 30, 2018. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	3.00 percent, average, including inflation
Discount rate	3.50 percent
Healthcare cost trend rates	6.50 percent

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, 2017 valuation were based on the results of an actual experience study for the period July 1, 2016 to June 30, 2017.

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	\$ 5,821,448
Service cost	336,724
Interest	202,826
Changes of assumptions	(46,262)
Benefit payments	(385,415)
Net change in total OPEB liability	107,873
Balance at June 30, 2018	\$ 5,929,321

Changes of assumptions and other inputs reflect a change in the discount rate from 3.40 percent in 2017 to 3.50 percent in 2018.

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

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

Discount Rate	Total OPEB Liability
1% decrease (2.50%)	\$ 6,409,832
Current discount rate (3.50%)	5,921,321
1% increase (4.50%)	5,488,333

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 (5.50%)	\$ 5,313,155
Current healthcare cost trend rate (6.50%)	5,929,321
1% increase (7.50%)	6,651,994

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$66,267. At June 30, 2019, 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
Amounts paid by the District for OPEB as the benefits come due subsequent to the measurement date	\$ 430,839	\$ -
Changes of assumptions	-	218,831
Total	<u>\$ 430,839</u>	<u>\$ 218,831</u>

Amounts reported as deferred outflows of resources related to OPEB for amounts paid by the District for OPEB as the benefits come due subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the subsequent fiscal year. Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	\$ (42,444)
2020	(42,444)
2021	(42,444)
2022	(42,444)
2022	(42,447)
Thereafter	(6,608)
	<u>\$ (218,831)</u>

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2017 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>.

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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, benefit payments 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, 2019, the District reported a liability of \$192,823 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. 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, 2018 and June 30, 2017, respectively, was 0.0504 percent, and 0.0507 percent, resulting in a net decrease in the proportionate share of 0.0003 percent.

For the year ended June 30, 2019, the District recognized OPEB expense of \$(20,656).

Actuarial Methods and Assumptions

The June 30, 2018 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017, and rolling forward the total OPEB liability to June 30, 2018, using the assumptions listed in the following table:

Measurement Date	June 30, 2018	June 30, 2017
Valuation Date	June 30, 2017	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2015	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.87%	3.58%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

For the valuation as of June 30, 2017, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 459 or an average of 0.27 percent of the potentially eligible population (171,593).

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, 2018, 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, 2018, is 3.87 percent. The MPP Program is funded on a pay-as-you-go basis as described in Note 1, and under the pay-as-you-go method, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.87 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2018, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate increased 0.29 percent from 3.58 percent as of June 30, 2017.

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.87%)	\$ 213,272
Current discount rate (3.87%)	192,823
1% increase (4.87%)	174,360

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	\$ 175,836
Current Medicare costs trend rate (3.7% Part A and 4.1% Part B)	192,823
1% increase (4.7% Part A and 5.1% Part B)	211,094

NOTE 10 - FUND BALANCES

Fund balances composed of the following elements:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	\$ 10,000	\$ -	\$ 600	\$ 10,600
Stores inventories	-	-	6,340	6,340
Total Nonspendable	<u>10,000</u>	<u>-</u>	<u>6,940</u>	<u>16,940</u>
Restricted				
Legally restricted programs	806,057	-	748,416	1,554,473
Capital projects	-	2,476,481	165,357	2,641,838
Debt services	-	-	1,127,622	1,127,622
Other restriction - pension trust	2,900,000	-	-	2,900,000
Total Restricted	<u>3,706,057</u>	<u>2,476,481</u>	<u>2,041,395</u>	<u>8,223,933</u>
Assigned				
Adult education program	-	-	56,502	56,502
Deferred maintenance program	-	-	469,525	469,525
Capital projects	-	7,868,932	-	7,868,932
Other program balances	1,392,135	-	-	1,392,135
Total Assigned	<u>1,392,135</u>	<u>7,868,932</u>	<u>526,027</u>	<u>9,787,094</u>
Unassigned				
Reserve for economic uncertainties	1,208,162	-	-	1,208,162
Remaining unassigned	197,012	-	-	197,012
Total Unassigned	<u>1,405,174</u>	<u>-</u>	<u>-</u>	<u>1,405,174</u>
Total	<u>\$ 6,513,366</u>	<u>\$ 10,345,413</u>	<u>\$ 2,574,362</u>	<u>\$ 19,433,141</u>

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 11 - LEASE REVENUES

The District has property held for lease with an estimated cost of \$2,590,000 and accumulated depreciation of \$1,476,300. Lease agreements have been entered into with various lessees for terms that exceed one year. None of the agreements contain purchase options. All of the agreements contain a termination clause providing for the cancellation after a specified number of days written notice to lessors but is unlikely that the District will cancel any of the agreements prior to their expiration date. The future minimum lease payments expected to be received under these agreements are as follows:

Year Ending June 30,	Lease Revenue
2020	\$ 364,848
2021	364,848
2022	313,571
2023	313,571
Total	<u>\$ 1,356,838</u>

NOTE 12 - RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2019, 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 2019, 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.

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 13 - 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, 2019, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

<u>Pension Plan</u>	<u>Collective Net Pension Liability</u>	<u>Collective Deferred Outflows of Resources</u>	<u>Collective Deferred Inflows of Resources</u>	<u>Collective Pension Expense</u>
CalSTRS	\$ 25,794,803	\$ 7,164,319	\$ 2,142,427	\$ 2,985,876
CalPERS	9,788,903	2,799,396	590,283	1,840,349
Total	<u>\$ 35,583,706</u>	<u>\$ 9,963,715</u>	<u>\$ 2,732,710</u>	<u>\$ 4,826,225</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, 2017, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at:

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

Benefits Provided

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

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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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, 2019, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.28%	16.28%
Required State contribution rate	9.828%	9.828%

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 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the District's total contributions were \$2,520,295.

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

At June 30, 2019, 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:

District's proportionate share of net pension liability	\$ 25,794,803
State's proportionate share of the net pension liability associated with the District	14,768,731
Total	<u>\$ 40,563,534</u>

The net pension liability was measured as of June 30, 2018. 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, 2018 and June 30, 2017, respectively, was 0.0281 percent and 0.0280 percent, resulting in a net increase in the proportionate share of 0.0001 percent.

For the year ended June 30, 2019, the District recognized pension expense of \$2,985,876. In addition, the District recognized pension expense and revenue of \$1,734,993 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 2,520,295	\$ -
Net change in proportionate share of net pension liability	556,743	774,481
Differences between projected and actual earnings on pension plan investments	-	993,262
Differences between expected and actual experience in the measurement of the total pension liability	79,989	374,684
Changes of assumptions	4,007,292	-
Total	<u>\$ 7,164,319</u>	<u>\$ 2,142,427</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.

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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
2020	\$ 215,666
2021	(156,493)
2022	(833,309)
2023	(219,126)
Total	<u>\$ (993,262)</u>

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, 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
2020	\$ 690,659
2021	690,659
2022	690,657
2023	590,166
2024	832,204
Thereafter	514
Total	<u>\$ 3,494,859</u>

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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, 2017 and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2018, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.30%
Fixed income	12%	0.30%
Real estate	13%	5.20%
Private equity	13%	9.30%
Absolute Return/Risk Mitigating Strategies	9%	2.90%
Inflation sensitive	4%	3.80%
Cash/liquidity	2%	-1.00%

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

Discount Rate

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

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

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.10%)	\$ 37,786,368
Current discount rate (7.10%)	25,794,803
1% increase (8.10%)	15,852,632

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, 2017 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>.

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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, 2019, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	18.062%	18.062%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2019, are presented above and the total District contributions were \$909,389.

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

As of June 30, 2019, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$9,788,903. The net pension liability was measured as of June 30, 2018. 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, 2018 and June 30, 2017, respectively, was 0.0367 percent and 0.0403 percent, resulting in a net decrease in the proportionate share of 0.0036 percent.

For the year ended June 30, 2019, the District recognized pension expense of \$1,840,349. At June 30, 2019, 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	\$ 909,389	\$ -
Net change in proportionate share of net pension liability	190,611	590,283
Differences between projected and actual earnings on pension plan investments	80,292	-
Differences between expected and actual experience in the measurement of the total pension liability	641,725	-
Changes of assumptions	977,379	-
Total	<u>\$ 2,799,396</u>	<u>\$ 590,283</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
2020	\$ 292,037
2021	69,838
2022	(223,804)
2023	(57,779)
Total	<u>\$ 80,292</u>

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, 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 4.0 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2020	\$ 701,125
2021	476,616
2022	41,691
Total	<u>\$ 1,219,432</u>

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2017 and rolling forward the total pension liability to June 30, 2018. The financial reporting actuarial valuation as of June 30, 2017, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

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

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 14,252,175
Current discount rate (7.15%)	9,788,903
1% increase (8.15%)	6,085,980

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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 \$1,363,050 (9.828 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated for an additional 2018–2019 contribution on behalf of school employers of \$2.246 billion for CalSTRS and \$904 million for CalPERS. A proportionate share of these contributions has been recorded in these financial statements. On behalf payments related to these additional contributions have been excluded from the calculation of available reserves and have not been included in the budgeted amounts reported in the *General Fund – Budgetary Comparison Schedule and Major Special Revenue Fund – Budgetary Comparison Schedule*.

NOTE 14 - 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, 2019.

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, 2019.

CORONADO UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 15 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWER AUTHORITIES

The District is a member of the San Diego County Schools Risk Management 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 entities.

During the year ended June 30, 2019, the District made payments totaling \$757,663 for annual premiums.

CORONADO UNIFIED SCHOOL DISTRICT

GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variances -
	Original	Final	(GAAP Basis)	Positive
				(Negative)
				Final
				to Actual
REVENUES				
Local control funding formula	\$ 24,761,314	\$ 25,730,781	\$ 25,815,724	\$ 84,943
Federal sources	2,842,374	3,704,594	3,350,825	(353,769)
Other State sources	2,677,312	3,169,242	4,892,657	1,723,415
Other local sources	3,914,588	4,034,961	4,239,760	204,799
Total Revenues ¹	34,195,588	36,639,578	38,298,966	1,659,388
EXPENDITURES				
Current				
Certificated salaries	14,682,109	15,585,065	15,787,660	(202,595)
Classified salaries	5,565,082	5,752,612	5,620,760	131,852
Employee benefits	9,408,968	9,672,067	11,149,339	(1,477,272)
Books and supplies	1,270,820	1,604,357	1,294,863	309,494
Services and operating expenditures	5,817,028	6,502,122	6,188,714	313,408
Other outgo	(21,184)	(19,656)	(21,444)	1,788
Capital outlay	-	8,424	13,844	(5,420)
Total Expenditures ¹	36,722,823	39,104,991	40,033,736	(928,745)
Excess (Deficiency) of Revenues				
Over Expenditures	(2,527,235)	(2,465,413)	(1,734,770)	730,643
Other Financing Sources (Uses)				
Transfers in	2,793,014	2,695,090	2,072,570	(622,520)
Transfers out	(264,778)	(252,400)	(58,335)	194,065
Net Financing Sources (Uses)	2,528,236	2,442,690	2,014,235	(428,455)
NET CHANGE IN FUND BALANCES	1,001	(22,723)	279,465	302,188
Fund Balances - Beginning, as restated	6,233,901	6,233,901	6,233,901	-
Fund Balances - Ending	\$ 6,234,902	\$ 6,211,178	\$ 6,513,366	\$ 302,188

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. On behalf payments of \$1,323,348 relating to Senate Bill 90 are included in the actual revenues and expenditures but have not been included in the budgeted amounts.

See accompanying note to required supplementary information.

CORONADO UNIFIED SCHOOL DISTRICT

**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY
AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2019**

	2019	2018
Total OPEB Liability		
Service cost	\$ 336,724	\$ 361,764
Interest	202,826	173,351
Changes of assumptions	(46,262)	(250,848)
Benefit payments	(385,415)	(367,083)
Net change in total OPEB liability	107,873	(82,816)
Total OPEB liability - beginning	5,821,448	5,904,264
Total OPEB liability - ending	<u>\$ 5,929,321</u>	<u>\$ 5,821,448</u>
Covered payroll	<u>N/A¹</u>	<u>N/A¹</u>
District's total OPEB liability as a percentage of covered payroll	<u>N/A¹</u>	<u>N/A¹</u>

¹ The District's 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.

See accompanying note to required supplementary information.

CORONADO UNIFIED SCHOOL DISTRICT

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET
OPEB LIABILITY – MPP PROGRAM
FOR THE YEAR ENDED JUNE 30, 2019**

Year ended June 30,	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	<u>0.0504%</u>	<u>0.0507%</u>
District's proportionate share of the net OPEB liability	<u>\$ 192,823</u>	<u>\$ 213,479</u>
District's covered payroll	<u>N/A¹</u>	<u>N/A¹</u>
District's proportionate share of the net OPEB liability as a percentage of it's covered payroll	<u>N/A¹</u>	<u>N/A¹</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>-0.40%</u>	<u>0.01%</u>

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.

See accompanying note to required supplementary information.

CORONADO UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30, 2019

	<u>2019</u>	<u>2018</u>
CalSTRS		
District's proportion of the net pension liability	<u>0.0281%</u>	<u>0.0280%</u>
District's proportionate share of the net pension liability	\$ 25,794,803	\$ 25,920,377
State's proportionate share of the net pension liability associated with the District	<u>14,768,731</u>	<u>15,334,276</u>
Total	<u>\$ 40,563,534</u>	<u>\$ 41,254,653</u>
District's covered payroll	<u>\$ 14,741,996</u>	<u>\$ 14,795,374</u>
District's proportionate share of the net pension liability as a percentage of its covered payroll	<u>175%</u>	<u>175%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71%</u>	<u>69%</u>
CalPERS		
District's proportion of the net pension liability	<u>0.0367%</u>	<u>0.0403%</u>
District's proportionate share of the net pension liability	<u>\$ 9,788,903</u>	<u>\$ 9,617,863</u>
District's covered payroll	<u>\$ 4,659,775</u>	<u>\$ 4,944,032</u>
District's proportionate share of the net pension liability as a percentage of its covered payroll	<u>210%</u>	<u>195%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71%</u>	<u>72%</u>

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

See accompanying note to required supplementary information.

<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>0.0281%</u>	<u>0.0300%</u>	<u>0.0310%</u>
<u>\$ 22,740,043</u>	<u>\$ 20,162,554</u>	<u>\$ 18,330,756</u>
<u>12,947,406</u>	<u>10,663,739</u>	<u>10,723,617</u>
<u>\$ 35,687,449</u>	<u>\$ 30,826,293</u>	<u>\$ 29,054,373</u>
<u>\$ 14,292,917</u>	<u>\$ 13,403,559</u>	<u>\$ 13,971,576</u>
<u>159%</u>	<u>150%</u>	<u>131.2%</u>
<u>70%</u>	<u>74%</u>	<u>77%</u>
<u>0.0423%</u>	<u>0.0380%</u>	<u>0.0410%</u>
<u>\$ 8,355,567</u>	<u>\$ 5,582,365</u>	<u>\$ 4,634,375</u>
<u>\$ 4,973,409</u>	<u>\$ 4,189,082</u>	<u>\$ 4,285,370</u>
<u>168.0%</u>	<u>133.3%</u>	<u>108.1%</u>
<u>74%</u>	<u>79%</u>	<u>83%</u>

CORONADO UNIFIED SCHOOL DISTRICT

**SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>2019</u>	<u>2018</u>
CalSTRS		
Contractually required contribution	\$ 2,520,295	\$ 2,127,270
Contributions in relation to the contractually required contribution	<u>(2,520,295)</u>	<u>(2,127,270)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 15,480,928</u>	<u>\$ 14,741,996</u>
Contributions as a percentage of covered payroll	<u>16.28%</u>	<u>14.43%</u>
 CalPERS		
Contractually required contribution	\$ 909,389	\$ 723,663
Contributions in relation to the contractually required contribution	<u>(909,389)</u>	<u>(723,663)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 5,034,819</u>	<u>\$ 4,659,775</u>
Contributions as a percentage of covered payroll	<u>18.06%</u>	<u>15.53%</u>

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

2017	2016	2015
\$ 1,861,258	\$ 1,533,630	\$ 1,190,236
(1,861,258)	(1,533,630)	(1,190,236)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 14,795,374	\$ 14,292,917	\$ 13,403,559
<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
\$ 686,726	\$ 589,349	\$ 493,055
(686,726)	(589,349)	(493,055)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,944,032	\$ 4,973,409	\$ 4,189,082
<u>13.89%</u>	<u>11.85%</u>	<u>11.77%</u>

CORONADO UNIFIED SCHOOL DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2019

NOTE 1 - PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

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

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

At June 30, 2019, the District major fund exceeded the budgeted amount in total as follows:

	Expenditures and Other Uses		
	Budget	Actual*	Excess
General Fund	\$ 39,357,391	\$ 40,092,071	\$ 734,680

* Includes on behalf payments related to Senate Bill 90 totaling \$1,323,348.

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, and the total OPEB liability. 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 3.40 percent in 2017 to 3.50 percent in 2018.

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

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

Changes in Benefit Terms – There were no changes in the benefit terms since the previous valuation.

Changes of Assumptions – The plan rate of investment return assumption was changed from 3.58 percent to 3.87 percent since the previous valuation.

CORONADO UNIFIED SCHOOL DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2019

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

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

Changes in Benefit Terms – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

Changes of Assumptions – There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of District Contributions

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

CORONADO UNIFIED SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Title VII, Impact Aid - Maintenance and Operations	84.041	[1]	\$ 2,003,996
Passed through California Department of Education (CDE):			
Carl D. Perkins Vocational and Technical Education Act of 1998:			
Secondary Education	84.048	14894	9,769
Title I, Part A - Low Income and Neglected	84.010	14329	190,456
Title II, Part A - Supporting Effective Instruction	84.367	14341	53,161
Title IV, Part A - Student Support and Academic Enrichment Grant	84.424	15396	11,291
Passed through South County Special Education Local Plan Area (SELPA):			
Special Education Cluster:			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	525,168
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	32,889
Preschool Grants, Part B, Sec 619	84.173	13430	10,642
Preschool Staff Development, Part B, Sec 619	84.173A	13431	120
Subtotal Special Education Cluster			<u>568,819</u>
Total U.S. Department of Education			<u>2,837,492</u>
U.S. DEPARTMENT OF DEFENSE EDUCATION ACTIVITY			
Support for Student Achievement at Military Connected Schools			
Support for Student Achievement at Military Connected Schools/SPED: Project M3, Math, Mindset and Mastery	12.556	[1]	240,413
Support for Student Achievement at Military Connected Schools/SPED: Project Arts for Learning	12.556	[1]	245,122
Support for Student Achievement at Military Connected Schools/SPED: Project STEM READ	12.556	[1]	27,798
Subtotal Support for Student Achievement at Military Connected Schools			<u>513,333</u>
Total U.S. Department of Defense			<u>513,333</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through CDE:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	13396	131,601
Total U.S. Department of Agriculture			<u>131,601</u>
Total Expenditures of Federal Awards			<u>\$ 3,482,426</u>

[1] Direct award, pass-through identifying number not available.

See accompanying note to supplementary information.

CORONADO UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2019

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

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Lee Pontes	President	2022
Julie Russell	Vice President	2020
Esther Valdes	Clerk	2022
Dr. Helen Anderson-Cruz	Member	2022
Maria Simon	Member	2020

ADMINISTRATION

Karl Mueller	Superintendent
Donnie Salamanca	Assistant Superintendent, Business Services

See accompanying note to supplementary information.

CORONADO UNIFIED SCHOOL DISTRICT

**SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2019**

	Second Period Report No. 43402575	Annual Report No. 025E84CC
Regular ADA		
Transitional kindergarten through third	736.69	738.16
Fourth through sixth	616.31	615.66
Seventh and eighth	471.87	471.79
Ninth through twelfth	1,095.43	1,093.31
Total Regular ADA	<u>2,920.30</u>	<u>2,918.92</u>
Extended Year Special Education		
Transitional kindergarten through third	3.23	3.23
Fourth through sixth	1.66	1.66
Seventh and eighth	0.54	0.54
Total Extended Year Special Education	<u>5.43</u>	<u>5.43</u>
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	1.17	1.17
Fourth through sixth	1.81	2.01
Seventh and eighth	0.95	0.96
Ninth through twelfth	10.61	11.19
Total Special Education, Nonpublic, Nonsectarian Schools	<u>14.54</u>	<u>15.33</u>
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.11	0.11
Fourth through sixth	0.17	0.17
Seventh and eighth	0.50	0.50
Ninth through twelfth	1.06	1.06
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	<u>1.84</u>	<u>1.84</u>
Total ADA	<u><u>2,942.11</u></u>	<u><u>2,941.52</u></u>

See accompanying note to supplementary information.

CORONADO UNIFIED SCHOOL DISTRICT

**SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2019**

Grade Level	1986-87	2018-19	Number of Days		Status
	Minutes Requirement	Actual Minutes	Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	49,525	180	-	Complied
Grades 1 - 3	50,400				
Grade 1		52,225	180	-	Complied
Grade 2		52,225	180	-	Complied
Grade 3		52,225	180	-	Complied
Grades 4 - 6	54,000				
Grade 4		58,490	180	-	Complied
Grade 5		58,490	180	-	Complied
Grade 6		62,236	180	-	Complied
Grades 7 - 8	54,000				
Grade 7		62,236	180	-	Complied
Grade 8		62,236	180	-	Complied
Grades 9 - 12	64,800				
Grade 9		66,025	180	-	Complied
Grade 10		66,025	180	-	Complied
Grade 11		66,025	180	-	Complied
Grade 12		66,025	180	-	Complied

See accompanying note to supplementary information.

CORONADO UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2019.

See accompanying note to supplementary information.

CORONADO UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2019

	(Budget) 2020 ¹	2019	2018	2017
GENERAL FUND ³				
Revenues	\$ 36,897,377	\$ 38,281,954	\$ 34,388,685	\$ 33,597,775
Other sources and transfers in	2,747,717	1,991,118	1,255,610	1,872,778
Total Revenues and Other Sources	39,645,094	40,273,072	35,644,295	35,470,553
Expenditures	39,454,094	40,033,736	35,383,474	35,119,467
Other uses and transfers out	190,000	238,335	259,821	357,644
Total Expenditures and Other Uses	39,644,094	40,272,071	35,643,295	35,477,111
INCREASE (DECREASE) IN FUND BALANCE	\$ 1,000	\$ 1,001	\$ 1,000	\$ (6,558)
ENDING FUND BALANCE	\$ 3,417,354	\$ 3,416,354	\$ 3,415,353	\$ 3,414,353
AVAILABLE RESERVES ²	\$ 4,558,345	\$ 1,405,174	\$ 3,887,847	\$ 2,513,780
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO ⁴	11.50%	3.61%	10.91%	7.09%
LONG-TERM OBLIGATIONS	N/A	\$ 23,028,631	\$ 24,302,390	\$ 26,239,904
K-12 AVERAGE DAILY ATTENDANCE AT P-2	2,935	2,942	2,842	3,976

The General Fund balance has increased by \$2,001 over the past two years. The fiscal year 2019-2020 budget projects an increase of \$1,000 (0.03 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, 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 2019-2020 fiscal year. Total long-term obligations have decreased by \$3,211,273 over the past two years.

Average daily attendance has decreased by 1,034 over the past two years. Additional decline of seven ADA is anticipated during fiscal year 2019-2020.

¹ Budget 2020 is included for analytical purposes only and has not been subjected to audit.

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

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

⁴ On behalf payments of \$1,323,348 relating to Senate Bill 90 have been excluded from the calculation of available reserves for the fiscal year ending June 30, 2019.

See accompanying note to supplementary information.

CORONADO UNIFIED SCHOOL DISTRICT

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019**

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
ASSETS				
Deposits and investments	\$ 266,005	\$ 35,167	\$ 210,346	\$ 608,752
Receivables	20,875	19,997	73,883	2,461
Due from other funds	4,350	2,037	31,988	-
Stores inventories	-	-	6,340	-
Total Assets	\$ 291,230	\$ 57,201	\$ 322,557	\$ 611,213
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 27,761	\$ 3,571	\$ 11,595	\$ -
Due to other funds	62,272	38,737	120,618	-
Unearned revenue	-	-	33,886	-
Total Liabilities	90,033	42,308	166,099	-
Fund Balances:				
Nonspendable	-	-	6,940	-
Restricted	144,695	14,893	149,518	141,688
Assigned	56,502	-	-	469,525
Total Fund Balances	201,197	14,893	156,458	611,213
Total Liabilities and Fund Balances	\$ 291,230	\$ 57,201	\$ 322,557	\$ 611,213

See accompanying note to supplementary information.

Foundation Special Reserve Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Foundation Permanent Fund	Total Non-Major Governmental Funds
\$ 46,425	\$ 99,671	\$ 1,127,622	\$ 296,180	\$ 2,690,168
198,784	73,442	-	1,442	390,884
48,519	-	-	-	86,894
-	-	-	-	6,340
<u>\$ 293,728</u>	<u>\$ 173,113</u>	<u>\$ 1,127,622</u>	<u>\$ 297,622</u>	<u>\$ 3,174,286</u>
\$ 18,532	\$ -	\$ -	\$ -	\$ 61,459
275,196	7,756	-	-	504,579
-	-	-	-	33,886
<u>293,728</u>	<u>7,756</u>	<u>-</u>	<u>-</u>	<u>599,924</u>
-	-	-	-	6,940
-	165,357	1,127,622	297,622	2,041,395
-	-	-	-	526,027
<u>-</u>	<u>165,357</u>	<u>1,127,622</u>	<u>297,622</u>	<u>2,574,362</u>
<u>\$ 293,728</u>	<u>\$ 173,113</u>	<u>\$ 1,127,622</u>	<u>\$ 297,622</u>	<u>\$ 3,174,286</u>

CORONADO UNIFIED SCHOOL DISTRICT

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019**

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
REVENUES				
Federal sources	\$ -	\$ -	\$ 131,601	\$ -
Other State sources	225,006	93,346	6,813	-
Other local sources	47,123	48,619	662,523	8,623
Total Revenues	<u>272,129</u>	<u>141,965</u>	<u>800,937</u>	<u>8,623</u>
EXPENDITURES				
Current				
Instruction	162,892	95,166	-	-
Instruction-related activities:				
Supervision of instruction	61,074	-	-	-
School site administration	72,843	37,527	-	-
Pupil services:				
Food services	-	-	710,260	-
Administration:				
All other administration	14,396	7,049	-	-
Plant services	-	-	-	-
Community services	-	-	-	-
Facility acquisition and construction	8,455	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
Total Expenditures	<u>319,660</u>	<u>139,742</u>	<u>710,260</u>	<u>-</u>
Excess (Deficiency) of				
Revenues Over Expenditures	<u>(47,531)</u>	<u>2,223</u>	<u>90,677</u>	<u>8,623</u>
Other Financing Sources				
Transfers in	-	1,494	19,812	-
Transfers out	-	(4,291)	-	(81,452)
Net Financing Sources (Uses)	<u>-</u>	<u>(2,797)</u>	<u>19,812</u>	<u>(81,452)</u>
NET CHANGE IN FUND BALANCES	<u>(47,531)</u>	<u>(574)</u>	<u>110,489</u>	<u>(72,829)</u>
Fund Balances - Beginning	248,728	15,467	45,969	684,042
Fund Balances - Ending	<u>\$ 201,197</u>	<u>\$ 14,893</u>	<u>\$ 156,458</u>	<u>\$ 611,213</u>

See accompanying note to supplementary information.

Foundation Special Reserve Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Foundation Permanent Fund	Total Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 131,601
-	-	1,897	-	327,062
539,358	261,432	1,067,698	4,786	2,640,162
539,358	261,432	1,069,595	4,786	3,098,825
-	-	-	-	258,058
-	-	-	1,938	63,012
-	-	-	-	110,370
-	-	-	-	710,260
-	7,756	-	-	29,201
222,961	-	-	-	222,961
343,063	-	-	-	343,063
-	-	-	-	8,455
-	315,000	695,000	-	1,010,000
-	231,594	347,550	-	579,144
566,024	554,350	1,042,550	1,938	3,334,524
(26,666)	(292,918)	27,045	2,848	(235,699)
-	89,450	-	-	110,756
-	-	-	-	(85,743)
-	89,450	-	-	25,013
(26,666)	(203,468)	27,045	2,848	(210,686)
26,666	368,825	1,100,577	294,774	2,785,048
\$ -	\$ 165,357	\$ 1,127,622	\$ 297,622	\$ 2,574,362

CORONADO UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2019

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

Districts must maintain their instructional minutes at 1986-87 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.

CORONADO UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2019

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

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

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

	<u>Procedures Performed</u>
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
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	Yes
After/Before School Education and Safety Program:	
General Requirements	No, see below
After School	No, see below
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study for Charter Schools	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instruction Minutes Classroom-Based	No, see below
Charter School Facility Grant Program	No, see below

CORONADO UNIFIED SCHOOL DISTRICT

**SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2019**

FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None Reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None Reported</u>

Type of auditor's report issued on compliance for major Federal programs:	<u>Unmodified</u>
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Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	<u>No</u>
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Identification of major Federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>84.041</u>	<u>Title VIII, Impact Aid</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

STATE AWARDS

Type of auditor's report issued on compliance for State programs:	<u>Unmodified</u>
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CORONADO UNIFIED SCHOOL DISTRICT

**FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

None reported.

CORONADO UNIFIED SCHOOL DISTRICT

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

None reported.

CORONADO UNIFIED SCHOOL DISTRICT

**STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

None reported.

CORONADO UNIFIED SCHOOL DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

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

5. A master ticket log is not being used by the site to account for all tickets on hand and used during the year.
6. The bank reconciliations prepared during the current year were not reviewed by an individual other than the employee preparing the bank reconciliation. The following discrepancies were found when we reviewed the January 2019 and February 2019 reconciliations:
 - a. The statement beginning balance as stated on the January 2019 Bank Reconciliation does not agree to beginning balance as stated on January 2019 Bank Statement.
 - b. The summary of cleared debits and credits as stated on the January 2019 Bank Reconciliation does not agree to total deposits and withdrawals as shown on the January 2019 Bank Statement.
 - c. The summary of cleared debits and credits as stated on the February 2019 Bank Reconciliation does not agree to total deposits and withdrawals as shown on the February 2019 Bank Statement.
 - d. The closeout procedures generate a lump sum deposit amount comprised of both cash and checks. The actual procedures indicate that cash and checks are not deposited together. Cash is kept in deposit bags and picked up by the courier service once a week, while the checks are scanned by machine and electronically transmitted to bank (usually the day the deposit is prepared). This results in instances where the lump sum deposit amount cannot be reconciled properly within the accounting software because the cash and check portion post with the bank in different months.
7. As a result of documents being unavailable for audit, we were unable to determine if revenue potential forms are being completed and utilized properly.

Recommendations

1. The ASB should, at a minimum, make their deposits once a week to minimize the amount of cash held at the sites. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure including the maximum cash on hand that should be maintained at the site.
2. In order to ensure proper internal controls over the ASB disbursements, the site should ensure that all disbursement transactions are pre-approved by authorized administrative personnel and the student council. This would allow the reviewing administrator and/or the student council to determine if the proposed activities are appropriate and to determine if sufficient funding is available to finance the activities or the purchases. In order to ensure proper internal controls over the ASB disbursements, the site should ensure that all disbursements are authorized by three individuals (ASB advisor, student body representative, and an administrator). This would allow the reviewing administrator and/or the student council to determine if the payment being made is appropriate and to determine if sufficient funding is available to finance the payment.
3. All goods being ordered should be documented with explicit receiving documentation (i.e. packing slip, signature initial). Documentation should indicate the date the goods have been received and whether the goods have been received intact, undamaged, and in the correct quantities. Payments for vendor invoices should only be made once the receiving documentation is available.
4. The site should ensure that ASB funds are only used for expenditures directly linked to the students' benefit and are outside of what should be provided by the District's general funding sources.

