



Financial Statements
June 30, 2020

Coronado Unified School District

Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
Government Wide Financial Statements	
Statement of Net Position	14
Statement of Activities.....	15
Government Fund Financial Statements	
Balance Sheet – Governmental Funds	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Proprietary Fund Financial Statements	
Statement of Net Position – Proprietary Funds.....	22
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	23
Statement of Cash Flows – Proprietary Funds.....	24
Fiduciary Fund Financial Statements	
Statement of Net Position – Fiduciary Funds	25
Notes to Financial Statements	26
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	75
Schedule of Changes in the District’s Total OPEB Liability and Related Ratios	76
Schedule of the District’s Proportionate Share of the Net OPEB Liability – MPP Program.....	77
Schedule of the District’s Proportionate Share of the Net Pension Liability	78
Schedule of District Contributions	79
Note to Required Supplementary Information.....	80
Supplementary Information	
Schedule of Expenditures of Federal Awards	82
Local Education Agency Organization Structure.....	83
Schedule of Average Daily Attendance	84
Schedule of Instructional Time	85
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	86
Schedule of Financial Trends and Analysis	87
Combining Balance Sheet – Non-Major Governmental Funds	88
Combining Statement of Revenues, Expenditure, and Changes in Fund Balances – Non-Major Governmental Funds.....	90
Note to Supplementary Information	92

Independent Auditor’s Reports

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 94

Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance 96

Independent Auditor’s Report on State Compliance..... 98

Schedule of Findings and Questioned Costs

 Summary of Auditor’s Results..... 101

 Financial Statement Findings 102

 Federal Awards Findings and Questioned Costs..... 103

 State Compliance Findings and Questioned Costs..... 104

 Summary Schedule of Prior Audit Findings..... 105

Management Letter 106



Independent Auditor's Report

Governing Board
Coronado Unified School District
Coronado, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Coronado Unified School District (the District) as of and for the year ended June 30, 2020, 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 \$8,516,933 as of June 30, 2020 and total revenues of \$1,355,708 for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and in our opinions, insofar as they relate to the amounts included for Coronado Unified School District, are based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Coronado Schools Foundation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's

preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Coronado Unified School District, as of June 30, 2020, 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 4 through 13, budgetary comparison information on page 75, schedule of changes in the District's total OPEB liability and related ratios on page 76, schedule of the District's proportionate share of the net OPEB liability – MPP program on page 77, schedule of the District's proportionate share of the net pension liability on page 78, and the schedule of District contributions on page 79, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 26, 2021 on our consideration of Coronado Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Coronado Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Coronado Unified School District's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Rancho Cucamonga, California
March 26, 2021



Donnie Salamanca, CPA
Deputy Superintendent
201 6th Street, Coronado, CA 92118
619.522.8900 x1016 www.coronadousd.net

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, 2020, with comparative information for the year ending June 30, 2019. 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 liabilities). 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.

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 deferred outflows of resources, and liabilities and deferred inflows of resources of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether the financial position 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.

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 25. 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 \$55,848,066 at June 30, 2020. This was a decrease of \$5,338,018 from the prior year's net position.
- Overall revenues were \$45,775,861 which were exceeded by overall expenses of \$51,113,879.

THE DISTRICT AS A WHOLE

Net Position

The District's net position of governmental activities was \$56,045,015 for the fiscal year ended June 30, 2020. Of this amount, \$(28,467,566) 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		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 32,334,817	\$ 21,132,780	\$ 313,751	\$ 286,319	\$ 32,648,568	\$ 21,419,099
Capital assets	90,500,727	92,567,543	-	-	90,500,727	92,567,543
Total assets	122,835,544	113,700,323	313,751	286,319	123,149,295	113,986,642
Deferred outflows of resources	10,505,676	10,418,346	128,060	148,423	10,633,736	10,566,769
Liabilities						
Current liabilities	3,219,866	1,792,571	1,887	10,878	3,221,753	1,803,449
Long-term liabilities	71,123,601	58,086,867	603,175	525,470	71,726,776	58,612,337
Total liabilities	74,343,467	59,879,438	605,062	536,348	74,948,529	60,415,786
Deferred inflows of resources	2,952,738	2,916,135	33,698	35,406	2,986,436	2,951,541
Net Position						
Net investment in capital assets	73,382,361	76,564,013	-	-	73,382,361	76,564,013
Restricted	11,130,220	7,989,313	-	-	11,130,220	7,989,313
Unrestricted (deficit)	(28,467,566)	(23,230,230)	(196,949)	(137,012)	(28,664,515)	(23,367,242)
Total net position	\$ 56,045,015	\$ 61,323,096	\$ (196,949)	\$ (137,012)	\$ 55,848,066	\$ 61,186,084

The \$(28,467,566) in unrestricted net position (deficit) of governmental activities represents the accumulated results of all past years' operations.

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on pages 15 and 16. Table 2 takes the information from the Statement, 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		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues						
Charges for services	\$ 706,603	\$ 653,931	\$ 398,449	\$ 558,552	\$ 1,105,052	\$ 1,212,483
Operating grants and contributions	7,354,246	7,396,480	18,376	16,470	7,372,622	7,412,950
General revenues						
Federal and State aid not restricted	25,666,864	17,420,451	-	-	25,666,864	17,420,451
Property taxes	7,272,711	14,990,947	-	-	7,272,711	14,990,947
Other general revenues	4,352,701	2,870,739	5,911	2,000	4,358,612	2,872,739
Total revenues	<u>45,353,125</u>	<u>43,332,548</u>	<u>422,736</u>	<u>577,022</u>	<u>45,775,861</u>	<u>43,909,570</u>
Expenses						
Instruction-related	33,950,721	30,896,398	-	-	33,950,721	30,896,398
Pupil services	3,734,672	4,210,671	-	-	3,734,672	4,210,671
Administration	2,396,599	2,381,113	-	-	2,396,599	2,381,113
Plant services	4,620,439	3,997,427	-	-	4,620,439	3,997,427
All other services	5,932,030	5,671,551	479,418	599,509	6,411,448	6,271,060
Total expenses	<u>50,634,461</u>	<u>47,157,160</u>	<u>479,418</u>	<u>599,509</u>	<u>51,113,879</u>	<u>47,756,669</u>
Transfers	3,255	(56,305)	(3,255)	41,320	-	(14,985)
Change in net position	<u>\$ (5,278,081)</u>	<u>\$ (3,880,917)</u>	<u>\$ (59,937)</u>	<u>\$ 18,833</u>	<u>\$ (5,338,018)</u>	<u>\$ (3,862,084)</u>

Governmental Activities

As reported in the *Statement of Activities* on pages 15 and 16, the cost of all of our governmental activities this year was \$50,634,461. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$7,272,711 because the cost was paid by those who benefited from the programs (\$706,603) or by other governments and organizations who subsidized certain programs with grants and contributions (\$7,354,246). We paid for the remaining "public benefit" portion of our governmental activities with \$30,019,565 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 and instruction-related, pupil services, administration, plant services, ancillary and all other services. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
Instruction-related	\$ 33,950,721	\$ 30,896,398	\$ (28,066,218)	\$ (24,752,411)
Pupil services	3,734,672	4,210,671	(2,512,737)	(3,106,137)
Administration	2,396,599	2,381,113	(2,268,443)	(2,191,810)
Plant services	4,620,439	3,997,427	(4,275,040)	(3,754,732)
All other services	5,932,030	5,671,551	(5,451,174)	(5,301,659)
Total	\$ 50,634,461	\$ 47,157,160	\$ (42,573,612)	\$ (39,106,749)

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$29,200,750

Table 4

Governmental Fund	Balances and Activity			
	June 30, 2019	Revenues and other financing sources	Expenditures and other financing uses	June 30, 2020
General	\$ 6,513,366	\$ 41,486,821	\$ 41,067,968	\$ 6,932,219
Special Reserve Fund for Capital Outlay Projects	10,345,413	2,707,633	3,300,566	9,752,480
Capital Project Fund for Blended Component Units	-	12,000,000	2,293,684	9,706,316
Adult Education	201,197	267,160	273,075	195,282
Child Development	14,893	438,509	437,618	15,784
Cafeteria	156,458	901,313	715,972	341,799
Deferred Maintenance	611,213	12,958	-	624,171
Foundation Special Reserve	-	539,497	539,377	120
Capital Facilities	165,357	553,205	551,790	166,772
Bond Interest and Redemption	1,127,622	1,100,977	1,063,750	1,164,849
Foundation Permanent	297,622	6,578	3,242	300,958
Total	\$ 19,433,141	\$ 60,014,651	\$ 50,247,042	\$ 29,200,750

The primary reasons for these increases/decreases are:

1. Our General Fund is our principal operating fund. The fund balance in the General Fund increased \$0.4 million to \$6,932,219 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. Moreover, unanticipated savings and additional revenues were realized as a result of the COVID-19 global pandemic in March 2020.
2. The district issued debt which increased the fund balance in the Capital Project Component Unit by \$9,706,316 net of current year expenditures and activity. These funds will be used to support capital project, deferred maintenance and capital project acquisition activities.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 18, 2020. (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 75).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the District had \$90,500,727 in a broad range of capital assets (net of depreciation), including land and construction in process, buildings and improvements, and furniture and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of \$2,066,816.

Table 5

	Governmental Activities	
	2020	2019
Land and construction in progress	\$ 532,869	\$ 932,378
Buildings and improvements	89,144,884	90,664,603
Equipment	822,974	970,562
Total	\$ 90,500,727	\$ 92,567,543

This year's additions of \$2,305,766 included land and building improvements, and classroom equipment such as computers. The district issued non-voter approved debt in June 2020 to fund these additions.

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

Long-Term Liabilities other than OPEB and Pension

At the end of this year, the District had \$27,528,938 in long-term liabilities other than OPEB and Pension outstanding versus \$16,906,487 last year. Those obligations consisted of:

Table 6

	Governmental Activities	
	2020	2019
Long-Term Liabilities		
General obligation bonds	\$ 7,080,000	\$ 7,825,000
Premium on issuance	786,008	910,115
Certificates of participation	6,905,000	7,230,000
Premium on issuance	197,186	210,630
Lease purchase agreement	12,000,000	-
Supplemental early retirement program	402,546	603,819
Compensated absences	158,198	126,923
	\$ 27,528,938	\$ 16,906,487

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.

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

OPEB and Pension Liabilities

At year-end, the District had a total OPEB liability of \$6,905,464 versus \$6,122,144 last year, an increase of \$783,320, or 12.79 percent.

At year-end, the District has a net pension liability of \$36,689,199 in the governmental activities and \$603,175 in the business-type activities versus \$35,058,236 and \$525,470 in the previous year. This represents a change of \$1,630,963, or an increase of 4.65 percent, and a change of \$77,705, or a change of 14.78 percent, respectively.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

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

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

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

The District participates in state employee pensions plans, PERS and STRS, and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2020. 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. Moreover, because of the COVID19 pandemic, the district expects to see fluctuations in enrollment as students and parents consider alternative placements in response to the fluid nature of opportunities for in-person instruction. The district anticipates the financial impacts of these shifts to be short-term and will be held harmless by State funding for the time being. However, it will need to be nimble in its response to maintain programming and financial stability in light of the ongoing pandemic.

All of these factors were considered in preparing the District's budget for the 2020-2021 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Coronado Unified School District
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-Type Activities	Total	Coronado Schools Foundation
Assets				
Deposits and investments	\$ 20,406,441	\$ 193,632	\$ 20,600,073	\$ 7,098,254
Restricted assets - pension trust	3,317,477	-	3,317,477	-
Receivables	8,717,006	-	8,717,006	16,092
Internal balances	(120,119)	120,119	-	-
Prepaid items	-	-	-	16,814
Stores inventories	14,012	-	14,012	-
Other current assets	-	-	-	1,383,805
Capital assets not depreciated	532,869	-	532,869	-
Capital assets, net of accumulated depreciation	89,967,858	-	89,967,858	1,968
Total assets	<u>122,835,544</u>	<u>313,751</u>	<u>123,149,295</u>	<u>8,516,933</u>
Deferred Outflows of Resources				
Deferred charge on refunding	143,512	-	143,512	-
Deferred outflows of resources related to OPEB	589,773	-	589,773	-
Deferred outflows of resources related to pensions	9,772,391	128,060	9,900,451	-
Total deferred outflows of resources	<u>10,505,676</u>	<u>128,060</u>	<u>10,633,736</u>	<u>-</u>
Liabilities				
Accounts payable	3,130,547	1,887	3,132,434	16,825
Interest payable	85,799	-	85,799	-
Unearned revenue	3,520	-	3,520	20,000
Scholarships and grants due	-	-	-	441,073
Refundable advance - Paycheck Protection Program (PPP)	-	-	-	52,800
Long-term liabilities				
Long-term liabilities other than OPEB and pensions due within one year	1,796,241	-	1,796,241	-
Long-term liabilities other than OPEB and pensions due in more than one year	25,732,697	-	25,732,697	-
Other postemployment benefits (OPEB) liability	6,905,464	-	6,905,464	-
Aggregate net pension liability	36,689,199	603,175	37,292,374	-
Total liabilities	<u>74,343,467</u>	<u>605,062</u>	<u>74,948,529</u>	<u>530,698</u>
Deferred Inflows of Resources				
Deferred inflows of resources related to OPEB	176,387	-	176,387	-
Deferred inflows of resources related to pensions	2,776,351	33,698	2,810,049	-
Total deferred inflows of resources	<u>2,952,738</u>	<u>33,698</u>	<u>2,986,436</u>	<u>-</u>
Net Position				
Net investment in capital assets	73,382,361	-	73,382,361	-
Restricted for				
Debt service	1,079,050	-	1,079,050	-
Capital projects	5,154,343	-	5,154,343	-
Educational programs	793,733	-	793,733	-
Pension trust	3,317,477	-	3,317,477	-
Other activities	785,617	-	785,617	66,198
Permanent endowment	-	-	-	2,796,062
Unrestricted (deficit)	(28,467,566)	(196,949)	(28,664,515)	5,123,975
Total net position (deficit)	<u>\$ 56,045,015</u>	<u>\$ (196,949)</u>	<u>\$ 55,848,066</u>	<u>\$ 7,986,235</u>

Coronado Unified School District
Statement of Activities
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position			Coronado School Foundation
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Governmental Activities							
Instruction	\$ 29,191,204	\$ 86,917	\$ 5,225,848	\$ (23,878,439)	\$ -	\$ (23,878,439)	\$ -
Instruction-related activities							
Supervision of instruction	544,561	-	126,568	(417,993)	-	(417,993)	-
Instructional library, media, and technology	944,838	-	(1,431)	(946,269)	-	(946,269)	-
School site administration	3,270,118	10,268	436,333	(2,823,517)	-	(2,823,517)	-
Pupil services							
Home-to-school transportation	397,967	-	-	(397,967)	-	(397,967)	-
Food services	735,021	507,615	379,327	151,921	-	151,921	-
All other pupil services	2,601,684	-	334,993	(2,266,691)	-	(2,266,691)	-
Administration							
Data processing	19,153	-	-	(19,153)	-	(19,153)	-
All other administration	2,377,446	772	127,384	(2,249,290)	-	(2,249,290)	-
Plant services	4,620,439	43,677	301,722	(4,275,040)	-	(4,275,040)	-
Ancillary services	563,939	-	25,499	(538,440)	-	(538,440)	-
Community services	856,391	23,023	159,178	(674,190)	-	(674,190)	-
Enterprise services	30,366	-	2,601	(27,765)	-	(27,765)	-
Interest on long-term liabilities	421,286	-	-	(421,286)	-	(421,286)	-
Other outgo	92,518	34,331	236,224	178,037	-	178,037	-
Depreciation (unallocated)	3,967,530	-	-	(3,967,530)	-	(3,967,530)	-
Total governmental activities	50,634,461	706,603	7,354,246	(42,573,612)	-	(42,573,612)	-
Business-Type Activities							
Enterprise services	479,418	398,449	18,376	-	(62,593)	(62,593)	-
Total School District	\$ 51,113,879	\$ 1,105,052	\$ 7,372,622	(42,573,612)	(62,593)	(42,636,205)	-
Discretely Presented Component Unit							
Program services	\$ 976,164	\$ -	\$ -	-	-	-	(976,164)
Management and general	120,411	-	-	-	-	-	(120,411)
Fundraising	228,440	-	-	-	-	-	(228,440)
Total	\$ 1,325,015	\$ -	\$ -	-	-	-	(1,325,015)

Coronado Unified School District
Statement of Activities
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position			Coronado School Foundation
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total	
General Revenues and Subventions							
Property taxes, levied for general purposes				\$ 3,680,980	\$ -	\$ 3,680,980	\$ -
Property taxes, levied for debt service				1,080,811	-	1,080,811	-
Taxes levied for other specific purposes				2,510,920	-	2,510,920	-
Federal and State aid not restricted to specific purposes				25,666,864	-	25,666,864	-
Interest and investment earnings				709,160	5,911	715,071	384,386
Miscellaneous				3,643,541	-	3,643,541	971,322
Subtotal, general revenues				<u>37,292,276</u>	<u>5,911</u>	<u>37,298,187</u>	<u>1,355,708</u>
Transfers				3,255	(3,255)	-	-
Total general revenues and transfers				<u>37,295,531</u>	<u>2,656</u>	<u>37,298,187</u>	<u>1,355,708</u>
Change in Net Position				(5,278,081)	(59,937)	(5,338,018)	30,693
Net Position (deficit) - Beginning				<u>61,323,096</u>	<u>(137,012)</u>	<u>61,186,084</u>	<u>7,955,542</u>
Net Position (deficit) - Ending				<u>\$ 56,045,015</u>	<u>\$ (196,949)</u>	<u>\$ 55,848,066</u>	<u>\$ 7,986,235</u>

Coronado Unified School District
Balance Sheet – Governmental Funds
June 30, 2020

	General Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	\$ 1,379,072	\$ 4,146,324	\$ 11,916,254	\$ 2,964,791	\$ 20,406,441
Restricted assets - pension trust	3,317,477	-	-	-	3,317,477
Receivables	7,960,336	-	-	756,670	8,717,006
Due from other funds	694,186	5,716,428	-	142,494	6,553,108
Stores inventories	-	-	-	14,012	14,012
Total assets	\$ 13,351,071	\$ 9,862,752	\$ 11,916,254	\$ 3,877,967	\$ 39,008,044
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 2,586,288	\$ 20,286	\$ 459,124	\$ 64,849	\$ 3,130,547
Due to other funds	3,829,044	89,986	1,750,814	1,003,383	6,673,227
Unearned revenue	3,520	-	-	-	3,520
Total liabilities	6,418,852	110,272	2,209,938	1,068,232	9,807,294
Fund Balances					
Nonspendable	10,000	-	-	14,612	24,612
Restricted	3,989,637	4,987,571	9,706,316	2,238,811	20,922,335
Assigned	1,503,154	4,764,909	-	556,192	6,824,255
Unassigned	1,429,428	-	-	120	1,429,548
Total fund balances	6,932,219	9,752,480	9,706,316	2,809,735	29,200,750
Total liabilities and fund balances	\$ 13,351,071	\$ 9,862,752	\$ 11,916,254	\$ 3,877,967	\$ 39,008,044

Coronado Unified School District
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2020

Total Fund Balance - Governmental Funds		\$ 29,200,750
<p>Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because</p> <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.</p>		
The cost of capital assets is	\$ 151,023,303	
Accumulated depreciation is	<u>(60,522,576)</u>	
Net capital assets		90,500,727
<p>In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.</p>		
		(85,799)
<p>Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to</p>		
Debt refundings	143,512	
Total OPEB liability	589,773	
Net pension liability	<u>9,772,391</u>	
Total deferred outflows of resources		10,505,676
<p>Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to</p>		
Total OPEB liability	(176,387)	
Net pension liability	<u>(2,776,351)</u>	
Total deferred inflows of resources		(2,952,738)
<p>Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.</p>		
		(36,689,199)
<p>The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.</p>		
		(6,905,464)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.</p>		
<p>Long-term liabilities at year-end consist of</p>		
General obligation bonds	(7,080,000)	
Unamortized premium on bonds	(786,008)	
Certificates of participation	(6,905,000)	
Unamortized premium on certificates of participation	(197,186)	
Lease purchase agreement	(12,000,000)	
Supplemental early retirement program	(402,546)	
Compensated absences (vacations)	<u>(158,198)</u>	
Total long-term liabilities		<u>(27,528,938)</u>
Total net position - governmental activities		<u>\$ 56,045,015</u>

Coronado Unified School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2020

	General Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula	\$ 26,754,757	\$ -	\$ -	\$ -	\$ 26,754,757
Federal sources	3,716,267	-	-	346,995	4,063,262
Other State sources	3,745,671	-	-	666,038	4,411,709
Other local sources	4,793,047	2,707,633	-	2,549,373	10,050,053
Total revenues	<u>39,009,742</u>	<u>2,707,633</u>	<u>-</u>	<u>3,562,406</u>	<u>45,279,781</u>
Expenditures					
Current					
Instruction	27,021,772	-	-	416,962	27,438,734
Instruction-related activities					
Supervision of instruction	422,303	-	-	90,586	512,889
Instructional library, media, and technology	935,900	-	-	-	935,900
School site administration	2,926,937	-	-	159,403	3,086,340
Pupil services					
Home-to-school transportation	397,967	-	-	-	397,967
Food services	17,163	-	-	715,972	733,135
All other pupil services	2,452,354	-	-	-	2,452,354
Administration					
All other administration	2,293,249	-	-	39,169	2,332,418
Plant services	3,551,021	323,030	516,604	184,340	4,574,995
Ancillary services	530,787	-	-	-	530,787
Community services	476,803	-	-	364,499	841,302
Other outgo	14,768	-	77,750	-	92,518
Enterprise services	22,453	-	-	-	22,453
Facility acquisition and construction	-	257,038	1,699,330	-	1,956,368
Debt service					
Principal	-	-	-	1,070,000	1,070,000
Interest and other	-	-	-	537,267	537,267
Total expenditures	<u>41,063,477</u>	<u>580,068</u>	<u>2,293,684</u>	<u>3,578,198</u>	<u>47,515,427</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,053,735)</u>	<u>2,127,565</u>	<u>(2,293,684)</u>	<u>(15,792)</u>	<u>(2,235,646)</u>
Other Financing Sources (Uses)					
Transfers in	2,477,079	-	-	257,791	2,734,870
Other sources - proceeds from lease purchase agreement	-	-	12,000,000	-	12,000,000
Transfers out	(4,491)	(2,720,498)	-	(6,626)	(2,731,615)
Net Financing Sources (Uses)	<u>2,472,588</u>	<u>(2,720,498)</u>	<u>12,000,000</u>	<u>251,165</u>	<u>12,003,255</u>
Net Change in Fund Balances	418,853	(592,933)	9,706,316	235,373	9,767,609
Fund Balance - Beginning	6,513,366	10,345,413	-	2,574,362	19,433,141
Fund Balance - Ending	<u>\$ 6,932,219</u>	<u>\$ 9,752,480</u>	<u>\$ 9,706,316</u>	<u>\$ 2,809,735</u>	<u>\$ 29,200,750</u>

Coronado Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
Year Ended June 30, 2020

Total Net Change in Fund Balances - Governmental Funds \$ 9,767,609

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

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

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

Depreciation expense	\$ (3,967,530)	
Capital outlays	<u>1,943,337</u>	
Net expense adjustment		(2,024,193)

Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds. (42,623)

The District entered into a lease purchase agreement to finance the modernization of school facilities. The amount is reported in the governmental funds as a source of financing. On the other hand, the proceeds are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position. (12,000,000)

In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) and special termination benefits (early retirements) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, there were \$201,273 in special termination benefits paid. Vacation earned was more than the amount used by \$31,275. 169,998

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. (1,752,911)

Coronado Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2020

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. \$ (581,942)

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

General obligation bonds	745,000
Certificates of participation	325,000

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

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

Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due. 7,133

Change in net position of governmental activities \$ (5,278,081)

Coronado Unified School District
Statement of Net Position – Proprietary Funds
June 30, 2020

	Business-Type Activities - <u>Enterprise Fund</u> Preschool <u>Enterprise Fund</u>
Assets	
Current assets	
Deposits and investments	\$ 193,632
Due from other funds	<u>158,182</u>
Total assets	<u>351,814</u>
Deferred Outflows of Resources	
Deferred outflows of resources related to pensions	<u>128,060</u>
Liabilities	
Current liabilities	
Accounts payable	1,887
Due to other funds	<u>38,063</u>
Total current liabilities	<u>39,950</u>
Noncurrent liabilities	
Net pension liability	<u>603,175</u>
Deferred Inflows of Resources	
Deferred inflows of resources related to pensions	<u>33,698</u>
Net Position	
Unrestricted (Deficit)	<u>\$ (196,949)</u>

Coronado Unified School District
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
Year Ended June 30, 2020

	<u>Business-Type Activities - Enterprise Fund Preschool Enterprise Fund</u>
Operating Revenues	
Other local revenue	<u>\$ 398,449</u>
Operating Expenses	
Payroll costs	454,426
Supplies and materials	6,178
Facility rental	329
Other operating cost	<u>18,485</u>
Total operating expenses	<u>479,418</u>
Operating Loss	<u>(80,969)</u>
Nonoperating Revenues	
State and local grants	18,376
Interest income	<u>5,911</u>
Total nonoperating revenues	<u>24,287</u>
Loss before transfers	(56,682)
Transfers out	<u>(3,255)</u>
Change in Net Position	(59,937)
Total Net Position - Beginning	<u>(137,012)</u>
Total Net Position - Ending	<u><u>\$ (196,949)</u></u>

Coronado Unified School District
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2020

	Business-Type Activities - Enterprise Fund
	Preschool Enterprise Fund
Operating Activities	
Cash receipts from customers	\$ 416,492
Cash receipts from interfund services provided	(83,362)
Cash payments to employees for services	(458,833)
Cash payments to other suppliers of goods or services	(15,169)
Cash payments for other operating expenses	(18,814)
	(159,686)
Net Cash Used for Operating Activities	(159,686)
Noncapital Financing Activities	
Nonoperating grants received	18,376
	18,376
Capital and Related Financing Activities	
Transfers to other funds	(3,255)
	(3,255)
Investing Activities	
Interest on investments	5,911
	5,911
Net Change in Cash and Cash Equivalents	(138,654)
Cash and Cash Equivalents, Beginning	332,286
Cash and Cash Equivalents, Ending	\$ 193,632
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating loss	\$ (80,969)
Changes in assets and liabilities	
Receivables	18,043
Due from other fund	(83,362)
Deferred outflows of resources	20,363
Accounts payable	(8,991)
Due to other fund	(100,767)
Deferred inflow of resources	(1,708)
Net pension liability	77,705
	77,705
Net Cash Used for Operating Activities	\$ (159,686)

Coronado Unified School District
Statement of Net Position – Fiduciary Funds
June 30, 2020

	<u>Student Body Fund</u>
Assets	
Deposits and investments	<u>\$ 295,391</u>
Liabilities	
Accounts payable	72,877
Due to student groups	<u>222,514</u>
Total liabilities	<u>\$ 295,391</u>

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Coronado Unified School District (the District) was organized on June 20, 1913, under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates two elementary schools, one middle school, one high school, one preschool program, and an adult education program.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For 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*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 80, *Blending Requirements For Certain Component Units* and thus are included in the financial statements of the District. The component unit, although a legally separate tax-exempt entity, is reported in the financial statements using the discrete presentation method as the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the District; the District is entitled to, or has the ability to otherwise access a majority of the economic resources received or held by the separate organization; and the economic resources received from or held by an individual organization are significant to the District.

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

Basis of Presentation - Fund Accounting

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

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major 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 \$3,514,866.

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

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

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue Funds are 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).
- **Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).
- **Foundation Special Reserve Fund** The Foundation Special Reserve Fund is used to account for resources received from gifts or bequests pursuant to *Education Code* Section 41031 under which both earnings and principal may be used for purposes that support the District's own programs and where there is a formal trust agreement with the donor.

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

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

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

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

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

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

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

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

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 permanent funds, and the restrictions on their use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major 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. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred. Principal and interest on long-term liabilities, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

Cash and Cash Equivalents

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

Investments

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

Restricted Assets - Pension Trust

The District has established an irrevocable trust with Public Agency Retirement Services (PARS) for the express purpose of accumulating resources to pay future CalPERS and CalSTRS employer contributions. As of June 30, 2020, the balance of the trust was \$3,317,477.

Prepaid Expenditures (Expenses)

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

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 when consumed rather than when purchased.

Capital Assets and Depreciation

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

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

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

Interfund Balances

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums, and Discounts

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items. The deferred charge on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate to differences between expected and actual earnings on investments, changes of assumptions, and other pension and OPEB related changes.

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 pension related items, and for OPEB related items. The deferred amounts related to pension and OPEB relate to the differences between contributions and the District's proportionate share of contributions, differences between expected and actual experience, and differences between projected and actual earnings on investments.

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Fund Balances - Governmental Funds

As of June 30, 2020, fund balances of the governmental funds are classified as follows:

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

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

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

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$11,130,220 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 May 2020, the GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, Certain Asset Retirement Obligations
- Statement No. 84, Fiduciary Activities
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, Implementation Guidance Update—2018
- Implementation Guide No. 2019-1, Implementation Guidance Update—2019
- Implementation Guide No. 2019-2, Fiduciary Activities.

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, Leases
- Implementation Guide No. 2019-3, Leases.

The provisions of this Statement have been implemented as of June 30, 2020.

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.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

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.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after June 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

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.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The effects of this change on the District's financial statements have not yet been determined.

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.

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.

As a result of the implementation of GASB Statement No. 95, 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. The effects of this change on the District's financial statements have not yet been determined.

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.

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.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

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

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reporting
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition

- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective as follows:

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

Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

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

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

As a result of the implementation of GASB Statement No. 95, the removal of LIBOR as an appropriate benchmark interest rate (paragraph 11b) is effective for reporting periods ending after December 31, 2021. Paragraph 13 and 14 related to lease modifications is effective for reporting periods beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In March 2020, the GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In June 2020, the GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The effects of this change on the District's financial statements have not yet been determined.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2020, are classified in the accompanying financial statements as follows:

Governmental funds	\$ 20,406,441
Business-type activities	193,632
Fiduciary funds	295,391
Component Unit - Coronado Schools Foundation	<u>7,098,254</u>
Total deposits and investments	<u><u>\$ 27,993,718</u></u>

Deposits and investments as of June 30, 2020, consist of the following:

Cash on hand and in banks	\$ 1,172,523
Cash in revolving	10,600
Investments	<u>26,810,595</u>
Total deposits and investments	<u><u>\$ 27,993,718</u></u>

Policies and Practices

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

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

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

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by primarily investing in the San Diego County Treasury Investment Pool. The District maintains an investment of \$20,589,473 with San Diego County Treasury Investment Pool that has an average weighted maturity of 556 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, 2020.

Coronado Schools Foundation Investments

Investments are reported at fair value and consist of the following at June 30, 2020:

	Cost	Fair Value
Stock Mutual Funds	\$ 3,044,448	\$ 4,338,880
Bond Mutual Funds	1,790,734	1,882,242
	\$ 4,835,182	\$ 6,221,122

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, 2020, the District had a bank balance of \$654,329 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.

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 County Treasury Investment Pool has a daily redemption frequency period and a one-day redemption notice period.

The District's fair value measurements are as follows at June 30, 2020:

Investment Type	Reported Amount	Fair Value Measurements Using Level 1 Inputs
Stock Mutual Funds*	\$ 4,338,880	\$ 4,338,880
Bond Mutual Funds*	1,882,242	1,882,242
Total	\$ 6,221,122	\$ 6,221,122

* 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, 2020, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Non-Major Governmental Funds	Total
Federal Government			
Categorical aid	\$ 1,675,493	\$ 263,865	\$ 1,939,358
State Government			
LCFF apportionment	4,729,195	-	4,729,195
Categorical aid	429,154	208,744	637,898
Lottery	153,965	-	153,965
Local Government			
Other local sources	972,529	284,061	1,256,590
Total	\$ 7,960,336	\$ 756,670	\$ 8,717,006

Note 5 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 569,949	\$ -	\$ (37,080)	\$ 532,869
Construction in progress	362,429	-	(362,429)	-
Total capital assets not being depreciated	<u>932,378</u>	<u>-</u>	<u>(399,509)</u>	<u>532,869</u>
Capital assets being depreciated				
Land improvements	18,505,002	1,520,897	-	20,025,899
Buildings and improvements	125,529,571	636,729	-	126,166,300
Furniture and equipment	4,165,933	148,140	(15,838)	4,298,235
Total capital assets being depreciated	<u>148,200,506</u>	<u>2,305,766</u>	<u>(15,838)</u>	<u>150,490,434</u>
Total capital assets	<u>149,132,884</u>	<u>2,305,766</u>	<u>(415,347)</u>	<u>151,023,303</u>
Accumulated depreciation				
Land improvements	(12,818,658)	(918,539)	-	(13,737,197)
Buildings and improvements	(40,551,312)	(2,758,806)	-	(43,310,118)
Furniture and equipment	(3,195,371)	(290,185)	10,295	(3,475,261)
Total accumulated depreciation	<u>(56,565,341)</u>	<u>(3,967,530)</u>	<u>10,295</u>	<u>(60,522,576)</u>
Governmental activities capital assets, net	<u>\$ 92,567,543</u>	<u>\$ (1,661,764)</u>	<u>\$ (405,052)</u>	<u>\$ 90,500,727</u>

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

Note 6 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2020, between major and non-major governmental funds, and non-major enterprise funds are as follows:

Due To	Due From					Total
	General Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Non-Major Governmental Funds	Preschool Enterprise Fund	
General Fund	\$ -	\$ 1,638	\$ 87,139	\$ 570,600	\$ 34,809	\$ 694,186
Special Reserve Fund for Capital Outlay Projects	3,808,452	-	1,640,001	267,975	-	5,716,428
Non-Major Governmental Funds	20,592	88,348	23,674	6,626	3,254	142,494
Preschool Enterprise Fund	-	-	-	158,182	-	158,182
Total	\$ 3,829,044	\$ 89,986	\$ 1,750,814	\$ 1,003,383	\$ 38,063	\$ 6,711,290

The balance of \$3,808,452 due to the Special Reserve Fund for Capital Outlay Projects from the General Fund resulted from redevelopment agency funds.

The balance of \$1,640,001 due to the Special Reserve Fund for Capital Outlay Projects from the Capital Project Fund for Blended Component Units resulted from operational support of maintenance project costs.

A balance of \$81,383 due to the General Fund from the Adult Education Non-Major Governmental Fund is for indirect and payroll support costs.

A balance of \$127,853 due to the General Fund from the Child Development Non-Major Governmental Fund is for reimbursement of program support costs.

A balance of \$67,641 due to the General Fund from the Cafeteria Non-Major Governmental Fund is for reimbursement of program support costs.

The balance of \$87,139 due to the General Fund from the Capital Projects Fund for Blended Component Units resulted from operational support costs.

The balance of \$243,873 due to the Special Reserve Fund for Capital Outlay Projects from the Capital Facilities Non-Major Governmental Fund resulted from reimbursement of project costs.

A balance of \$285,450 due to the General Fund from the Foundation Special Reserve Non-Major Governmental Fund is for indirects and payroll support costs.

The balance of \$158,182 due to the Preschool Enterprise Fund from the Child Development Non-Major Governmental Fund is for reimbursement of program costs.

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

Operating Transfers

Interfund transfers for the year ended June 30, 2020, 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	\$ -	\$ 2,477,079	\$ -	\$ -	\$ 2,477,079
Non-Major Governmental Funds	4,491	243,419	6,626	3,255	257,791
Total	<u>\$ 4,491</u>	<u>\$ 2,720,498</u>	<u>\$ 6,626</u>	<u>\$ 3,255</u>	<u>\$ 2,734,870</u>

The General Fund transferred to the Cafeteria Non-Major Governmental Fund for program contribution. \$ 4,491

The Special Reserve Fund for Capital Outlay Projects transferred to the General Fund for reimbursement of project and maintenance costs. 2,477,079

The Special Reserve Fund for Capital Outlay Projects transferred to the Capital Facilities Non-Major Governmental Fund for reimbursement of project and maintenance costs. 243,419

The Child Development Non-major Governmental Fund transferred to the Cafeteria Non-Major Governmental Fund for meals reimbursement costs. 6,626

The Preschool Enterprise Fund transferred to Child Development Non-Major Governmental Fund for reimbursement of costs 3,255

Total \$ 2,734,870

Note 7 - Accounts Payable

Accounts payable at June 30, 2020, consisted of the following:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Capital Project Fund for Blended Component Units	Non-Major Governmental Funds	Total
Salaries and benefits	\$ 300,950	\$ -	\$ -	\$ 17,308	\$ 318,258
LCFF apportionment	1,202,054	-	-	-	1,202,054
Supplies	283,019	20,286	8,138	35,729	347,172
Services	452,394	-	36,520	956	489,870
Capital outlay	-	-	414,466	-	414,466
Other vendor payables	347,871	-	-	10,856	358,727
	Total	\$ 20,286	\$ 459,124	\$ 64,849	\$ 3,130,547

	Proprietary Funds	Fiduciary Funds
Salaries and benefits	\$ -	\$ -
LCFF apportionment	-	-
Supplies	-	-
Services	-	-
Capital outlay	-	-
Other vendor payables	1,887	72,877
	Total	\$ 72,877

Note 8 - Unearned Revenue

Unearned revenue at June 30, 2020, consisted of the following:

	General Fund
State categorical aid	\$ 3,520

Note 9 - Long-Term Liabilities other than OPEB and Pension

Summary

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

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 7,825,000	\$ -	\$ (745,000)	\$ 7,080,000	\$ 790,000
Premium on issuance	910,115	-	(124,107)	786,008	-
Certificates of participation	7,230,000	-	(325,000)	6,905,000	340,000
Premium on issuance	210,630	-	(13,444)	197,186	-
Lease purchase agreement	-	12,000,000	-	12,000,000	464,968
Supplemental early retirement plan	603,819	-	(201,273)	402,546	201,273
Compensated absences	126,923	31,275	-	158,198	-
	<u>\$ 16,906,487</u>	<u>\$ 12,031,275</u>	<u>\$ (1,408,824)</u>	<u>\$ 27,528,938</u>	<u>\$ 1,796,241</u>
Total	<u>\$ 16,906,487</u>	<u>\$ 12,031,275</u>	<u>\$ (1,408,824)</u>	<u>\$ 27,528,938</u>	<u>\$ 1,796,241</u>

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. The Capital Facilities Fund makes payments for the Certificates of Participation. The lease purchase agreement will be paid by the Capital Projects Fund for Blended Component Units with lease revenues as disclosed in Note 12. The supplemental early retirement plan is paid by the General Fund. The compensated absences will be paid by the fund for which the employee worked, which includes the General Fund, Adult Education Fund, and Child Development Fund.

2012 General Obligation Bonds

On February 23, 2012, the District issued \$12,100,000 of 2012 General Obligation Bonds, in serial and term bonds. The bonds have a final maturity to occur on August 1, 2026, with interest rates ranging from 2.00 to 5.00 percent. At June 30, 2020, the principal balance outstanding on the 2012 General Obligation Bonds was \$7,080,000 and unamortized premium received on issuance of the bonds amounted to \$786,008.

Debt Service Requirements to Maturity

The bonds mature through 2027 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
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	1,020,000	144,500	1,164,500
2026-2027	2,550,000	123,600	2,673,600
Total	\$ 7,080,000	\$ 1,205,225	\$ 8,285,225

Certificates of Participation

On March 5, 2015, the District issued \$8,420,000 Certificates of Participation pursuant to a lease agreement with the Public Property Financing Corporation of California. The proceeds of the certificates were used to refund the District Certificates of Participation (2005 Financing Project) and pay certain costs of issuance of the Certificates. Interest rates on the certificates range from 2.125 to 5.000 percent. The certificates have a final maturity to occur on November 1, 2035. As of June 30, 2020, the principal balance outstanding was \$6,905,000 and unamortized premium received on issuance of the certificates amounted to \$197,186.

The certificates mature through 2036, as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	390,000	152,794	542,794
2026-2030	2,110,000	606,178	2,716,178
2031-2035	2,430,000	272,941	2,702,941
2036	535,000	8,359	543,359
Total	\$ 6,905,000	\$ 1,779,348	\$ 8,684,348

Lease Purchase Agreement

On June 1, 2020, the District entered into a lease purchase agreement with Public Property Financing Corporation of California to finance the costs of facility construction, equipment, furnishings, repairs and improvements, and technology acquisitions and upgrades for District property. The agreement bears interest of 2.655 percent with a final maturity to occur on June 1, 2040.

The lease purchase agreement has future lease payments as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 464,968	\$ 315,945	\$ 780,913
2022	474,658	306,255	780,913
2023	487,260	293,653	780,913
2024	500,196	280,716	780,912
2025	513,477	267,436	780,913
2026-2030	2,779,261	1,125,303	3,904,564
2031-2035	3,168,325	736,238	3,904,563
2036-2040	3,611,855	292,708	3,904,563
Total	<u>\$ 12,000,000</u>	<u>\$ 3,618,254</u>	<u>\$ 15,618,254</u>

Supplemental Early Retirement Plan

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

Year Ending June 30,	Total Payments
2021	\$ 201,273
2022	<u>201,273</u>
Total	<u>\$ 402,546</u>

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2020, amounted to \$158,198.

Note 10 - Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2020, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 6,714,510	\$ 589,773	\$ 176,387	\$ 583,811
Medicare Premium Payment (MPP) Program	190,954	-	-	(1,869)
Total	<u>\$ 6,905,464</u>	<u>\$ 589,773</u>	<u>\$ 176,387</u>	<u>\$ 581,942</u>

The details of each plan are as follows:

District Plan

Plan Administration

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

Plan Membership

At June 30, 2020, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	54
Active employees	<u>314</u>
Total	<u><u>368</u></u>

Benefits Provided

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

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Association of Coronado Teachers (ACT), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, ACT, CSEA, and unrepresented groups. For the measurement period of June 30, 2020, the District paid \$430,839 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of \$6,714,510 was measured as of June 30, 2020, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2020.

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00 percent
Salary increases	3.00 percent, average, including inflation
Discount rate	2.66 percent
Healthcare cost trend rates	6.50 percent for 2020

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

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

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

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance, June 30, 2019	<u>\$ 5,929,321</u>
Service cost	340,563
Interest	211,971
Differences between expected and actual experience	134,497
Changes of assumptions	528,997
Benefit payments	<u>(430,839)</u>
Net change in total OPEB liability	<u>785,189</u>
Balance, June 30, 2020	<u><u>\$ 6,714,510</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 percent in 2019 to 2.66 percent in 2020.

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

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

Discount Rate	Total OPEB Liability
1% decrease (1.66%)	\$ 7,301,175
Current discount rate (2.66%)	6,714,510
1% increase (3.66%)	6,210,853

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%)	\$ 6,018,077
Current healthcare cost trend rate (6.50%)	6,714,510
1% increase (7.50%)	7,575,540

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$583,811. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 119,553	\$ -
Changes of assumptions	470,220	176,387
Total	\$ 589,773	\$ 176,387

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ 31,277
2022	31,277
2023	31,277
2024	31,274
2025	67,113
Thereafter	221,168
Total	\$ 413,386

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, 2018 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2020, the District reported a liability of \$190,954 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. 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, 2019 and June 30, 2018, respectively, was 0.0513 percent, and 0.0504 percent, resulting in a net increase in the proportionate share of 0.0009 percent.

For the year ended June 30, 2020, the District recognized OPEB expense of \$(1,869).

Actuarial Methods and Assumptions

The June 30, 2019 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total OPEB liability to June 30, 2019, using the assumptions listed in the following table:

Measurement Date	June 30, 2019	June 30, 2018
Valuation Date	June 30, 2018	June 30, 2017
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	3.50%	3.87%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2018, 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 380 or an average of 0.23 percent of the potentially eligible population (165,422).

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, 2019, 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, 2019, is 3.50 percent. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.50 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2019, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.37 percent from 3.87 percent as of June 30, 2018.

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 (2.50%)	\$ 208,375
Current discount rate (3.50%)	190,954
1% increase (4.50%)	174,937

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

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (2.70% Part A and 3.10% Part B)	\$ 178,871
Current Medicare costs trend rate (3.70% Part A and 4.10% Part B)	190,954
1% increase (4.70% Part A and 5.10% Part B)	214,870

Note 11 - Fund Balances

Fund balances composed of the following elements:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Capital Project Fund for Blended Component Units	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 10,000	\$ -	\$ -	\$ 600	\$ 10,600
Stores inventories	-	-	-	14,012	14,012
Total nonspendable	10,000	-	-	14,612	24,612
Restricted					
Legally restricted programs	3,989,637	-	-	907,190	4,896,827
Capital projects	-	4,987,571	9,706,316	166,772	14,860,659
Debt services	-	-	-	1,164,849	1,164,849
Total restricted	3,989,637	4,987,571	9,706,316	2,238,811	20,922,335
Assigned					
Adult education program	-	-	-	73,709	73,709
Deferred maintenance program	-	-	-	482,483	482,483
Capital Projects	-	4,764,909	-	-	4,764,909
Other program balances	1,503,154	-	-	-	1,503,154
Total assigned	1,503,154	4,764,909	-	556,192	6,824,255
Unassigned					
Reserve for economic uncertainties	1,232,040	-	-	-	1,232,040
Remaining unassigned	197,388	-	-	120	197,508
Total unassigned	1,429,428	-	-	120	1,429,548
Total	\$ 6,932,219	\$ 9,752,480	\$ 9,706,316	\$ 2,809,735	\$ 29,200,750

Note 12 - Lease Revenues

The District has property held for lease with an estimated cost of \$91,053 and accumulated depreciation of \$54,178. 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
2021	\$ 364,848
2022	313,571
2023	313,571
Total	\$ 991,990

Note 13 - 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, 2020, the District contracted with the San Diego County Schools Risk Management (SDCSRM) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2020, the District participated in the San Diego County Schools Risk Management (SDCSRM), an insurance purchasing pool. The intent of the SDCSR is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the SDCSR. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the SDCSR. Each participant pays its workers' compensation premium based on its individual rate. A participant will then either receive money from or be required to contribute to the "equity-pooling fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the SDCSR. Participation in the SDCSR is limited to districts that can meet the SDCSR selection criteria.

Employee Medical Benefits

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

Note 14 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2020, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 26,179,216	\$ 7,244,899	\$ 2,326,992	\$ 3,161,785
CalPERS	11,113,158	2,655,552	483,057	1,900,348
Total	<u>\$ 37,292,374</u>	<u>\$ 9,900,451</u>	<u>\$ 2,810,049</u>	<u>\$ 5,062,133</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, 2018, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at:

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

Benefits Provided

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

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

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

The STRP provisions and benefits in effect at June 30, 2020, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	17.10%	17.10%
Required state contribution rate	10.328%	10.328%

Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the District's total contributions were \$2,848,246.

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

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share	
Proportionate share of net pension liability	\$ 26,179,216
State's proportionate share of the net pension liability	<u>14,282,510</u>
Total	<u><u>\$ 40,461,726</u></u>

The net pension liability was measured as of June 30, 2019. 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, 2019 and June 30, 2018, respectively, was 0.0290 percent and 0.0281 percent, resulting in a net increase in the proportionate share of 0.0009 percent.

For the year ended June 30, 2020, the District recognized pension expense of \$3,161,785. In addition, the District recognized pension expense and revenue of \$2,126,974 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,848,246	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,019,465	580,860
Differences between projected and actual earnings on pension plan investments	-	1,008,432
Differences between expected and actual experience in the measurement of the total pension liability	66,089	737,700
Changes of assumptions	<u>3,311,099</u>	<u>-</u>
Total	<u><u>\$ 7,244,899</u></u>	<u><u>\$ 2,326,992</u></u>

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ (101,718)
2022	(800,576)
2023	(166,212)
2024	60,074
Total	\$ (1,008,432)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ 743,208
2022	743,210
2023	644,596
2024	888,168
2025	29,637
Thereafter	29,274
Total	\$ 3,078,093

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, 2018 and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
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, 2019, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	4.8%
Fixed income	12%	1.3%
Real estate	13%	3.6%
Private equity	13%	6.3%
Risk mitigating strategies	9%	1.8%
Inflation sensitive	4%	3.3%
Cash/liquidity	2%	-0.4%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 38,983,019
Current discount rate (7.10%)	26,179,216
1% increase (8.10%)	15,562,424

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, 2018 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at:
<https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2020, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	19.721%	19.721%

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, 2020, are presented above and the total District contributions were \$1,116,676.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$11,113,158. The net pension liability was measured as of June 30, 2019. 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, 2019 and June 30, 2018, respectively, was 0.0381 percent and 0.0367 percent, resulting in a net increase in the proportionate share of 0.0014 percent.

For the year ended June 30, 2020, the District recognized pension expense of \$1,900,348. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,116,676	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	202,594	379,982
Differences between projected and actual earnings on pension plan investments	-	103,075
Differences between expected and actual experience in the measurement of the total pension liability	807,261	-
Changes of assumptions	529,021	-
Total	\$ 2,655,552	\$ 483,057

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
2021	\$ 101,749
2022	(203,238)
2023	(30,799)
2024	29,213
Total	\$ (103,075)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ 698,601
2022	245,302
2023	195,446
2024	19,545
Total	\$ 1,158,894

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, 2018 and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the 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:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.15%)	\$ 16,018,886
Current discount rate (7.15%)	11,113,158
1% increase (8.15%)	7,043,517

Tax Deferred Annuity/Social Security

As established by Federal law, all public-sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use Social Security.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$1,491,854 (10.328 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated an additional 2019–2020 contribution on-behalf of school employers of \$1.1 billion for CalSTRS. A proportionate share of these contributions totaling \$500,418 have been recorded in these financial statements.

Note 15 - Commitments and Contingencies

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2020.

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, 2020.

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

The District is a member of the San Diego County Schools Risk Management 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, 2020, the District made payments totaling \$821,671 for annual premiums.

Note 17 - Risks and Uncertainties

The District has been negatively impacted by the effects of the world-wide coronavirus pandemic. The District is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the District's financial position is not known beyond increased cash flow monitoring due to the potential for state apportionment deferrals.



Required Supplementary Information
June 30, 2020

Coronado Unified School District

Coronado Unified School District
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 26,585,627	\$ 26,771,565	\$ 26,754,757	\$ (16,808)
Federal sources	3,533,865	3,975,263	3,716,267	(258,996)
Other State sources	2,826,960	2,660,395	3,745,671	1,085,276
Other local sources	3,950,925	4,104,162	4,793,047	688,885
Total revenues ¹	<u>36,897,377</u>	<u>37,511,385</u>	<u>39,009,742</u>	<u>1,498,357</u>
Expenditures				
Current				
Certificated salaries	16,392,947	16,484,635	16,634,899	(150,264)
Classified salaries	5,962,039	5,901,374	6,061,354	(159,980)
Employee benefits	10,329,601	10,361,899	11,181,120	(819,221)
Books and supplies	907,322	1,761,049	1,773,647	(12,598)
Services and operating expenditures	5,887,975	5,364,621	5,428,586	(63,965)
Other outgo	(25,790)	(26,570)	(16,129)	(10,441)
Total expenditures ¹	<u>39,454,094</u>	<u>39,847,008</u>	<u>41,063,477</u>	<u>(1,216,469)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,556,717)</u>	<u>(2,335,623)</u>	<u>(2,053,735)</u>	<u>281,888</u>
Other Financing Sources (Uses)				
Transfers in	2,747,717	2,344,917	2,477,079	132,162
Transfers out	(190,000)	(8,294)	(4,491)	3,803
Net financing sources (uses)	<u>2,557,717</u>	<u>2,336,623</u>	<u>2,472,588</u>	<u>135,965</u>
Net Change in Fund Balances	1,000	1,000	418,853	417,853
Fund Balance - Beginning	6,513,366	6,513,366	6,513,366	-
Fund Balance - Ending	<u>\$ 6,514,366</u>	<u>\$ 6,514,366</u>	<u>\$ 6,932,219</u>	<u>\$ 417,853</u>

¹ Due to the consolidation of Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the actual (GAAP) revenues and expenditures, however are not included in the original and final General Fund budgets. On behalf payments of \$500,418 relating to Senate Bill 90 are included in the actual revenues and expenditures but have not been included in the budgeted amounts.

Coronado Unified School District
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2020

	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 340,563	\$ 336,724	\$ 361,764
Interest	211,971	202,826	173,351
Difference between expected and actual experience	134,497	-	-
Changes of assumptions	528,997	(46,262)	(250,848)
Benefit payments	(430,839)	(385,415)	(367,083)
Net change in total OPEB liability	785,189	107,873	(82,816)
Total OPEB Liability - Beginning	5,929,321	5,821,448	5,904,264
Total OPEB Liability - Ending	<u>\$ 6,714,510</u>	<u>\$ 5,929,321</u>	<u>\$ 5,821,448</u>
Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Measurement Date	June 30, 2020	June 30, 2018	June 30, 2017

¹ The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

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

Coronado Unified School District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2020

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

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

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

Coronado Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2020

	2020	2019	2018	2017	2016	2015
CalSTRS						
Proportion of the net pension liability	0.0290%	0.0281%	0.0280%	0.0281%	0.0300%	0.0310%
Proportionate share of the net pension liability	\$ 26,179,216	\$ 25,794,803	\$ 25,920,377	\$ 22,740,043	\$ 20,162,554	\$ 18,330,756
State's proportionate share of the net pension liability	14,282,510	14,768,731	15,334,276	12,947,406	10,663,739	10,723,617
Total	<u>\$ 40,461,726</u>	<u>\$ 40,563,534</u>	<u>\$ 41,254,653</u>	<u>\$ 35,687,449</u>	<u>\$ 30,826,293</u>	<u>\$ 29,054,373</u>
Covered payroll	<u>\$ 15,480,928</u>	<u>\$ 14,741,996</u>	<u>\$ 14,795,374</u>	<u>\$ 14,292,917</u>	<u>\$ 13,403,559</u>	<u>13,971,576</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>169.11%</u>	<u>174.97%</u>	<u>175.19%</u>	<u>159.10%</u>	<u>150.43%</u>	<u>131.20%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>73%</u>	<u>71%</u>	<u>69%</u>	<u>70%</u>	<u>74%</u>	<u>77%</u>
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS						
Proportion of the net pension liability	0.0381%	0.0367%	0.0403%	0.0423%	0.0380%	0.0410%
Proportionate share of the net pension liability	\$ 11,113,158	\$ 9,788,903	\$ 9,617,863	\$ 8,355,567	\$ 5,582,365	\$ 4,634,375
Covered payroll	<u>\$ 5,034,819</u>	<u>\$ 4,659,775</u>	<u>\$ 4,944,032</u>	<u>\$ 4,973,409</u>	<u>\$ 4,189,082</u>	<u>4,285,370</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>220.73%</u>	<u>210.07%</u>	<u>194.53%</u>	<u>168.00%</u>	<u>133.26%</u>	<u>108.14%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>71%</u>	<u>72%</u>	<u>74%</u>	<u>79%</u>	<u>83%</u>
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

Coronado Unified School District
Schedule of District Contributions
Year Ended June 30, 2020

	2020	2019	2018	2017	2016	2015
CalSTRS						
Contractually required contribution	\$ 2,848,246	\$ 2,520,295	\$ 2,127,270	\$ 1,861,258	\$ 1,533,630	\$ 1,190,236
Less contributions in relation to the contractually required contribution	<u>2,848,246</u>	<u>2,520,295</u>	<u>2,127,270</u>	<u>1,861,258</u>	<u>1,533,630</u>	<u>1,190,236</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Covered payroll	<u>\$16,656,409</u>	<u>\$15,480,928</u>	<u>\$14,741,996</u>	<u>\$14,795,374</u>	<u>\$14,292,917</u>	<u>\$13,403,559</u>
Contributions as a percentage of covered payroll	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
CalPERS						
Contractually required contribution	\$ 1,116,676	\$ 909,389	\$ 723,663	\$ 686,726	\$ 589,349	\$ 493,055
Less contributions in relation to the contractually required contribution	<u>1,116,676</u>	<u>909,389</u>	<u>723,663</u>	<u>686,726</u>	<u>589,349</u>	<u>493,055</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Covered payroll	<u>\$ 5,662,370</u>	<u>\$ 5,034,819</u>	<u>\$ 4,659,475</u>	<u>\$ 4,944,744</u>	<u>\$ 4,974,669</u>	<u>\$ 4,188,727</u>
Contributions as a percentage of covered payroll	<u>19.721%</u>	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United 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, 2020, the District major fund exceeded the budgeted amount in total as follows:

Funds	Expenditures and Other Uses		
	Budget	Actual*	Excess
Gneral Fund	\$ 39,855,302	\$ 41,067,968	\$ 1,212,666

* Includes on behalf payments totaling \$1,992,271.

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 3.50 percent in 2019 to 2.66 percent in 2020.

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

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

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 3.87 percent to 3.50 percent since the previous valuation.

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

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

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* – There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of District Contributions

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



Supplementary Information
June 30, 2020

Coronado Unified School District

Coronado Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Impact Aid	84.041	[1]	<u>\$ 1,770,030</u>
Passed Through California Department of Education (CDE)			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	172,537
Title II, Part A, Supporting Effective Instruction	84.367	14341	<u>42,507</u>
Subtotal			<u>215,044</u>
Passed Through South County SELPA			
Special Education Cluster			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	547,901
Preschool Grants, Part B, Sec 619	84.173	13430	9,545
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	34,277
Preschool Staff Development, Part B, Sec 619	84.173A	13431	<u>112</u>
Total Special Education Cluster			<u>591,835</u>
Total U.S. Department of Education			<u>2,576,909</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]	419,040
Support for Student Achievement at Military Connected Schools/SPED: Project Arts for Learning	12.556	[1]	387,588
Support for Student Achievement at Military Connected Schools/SPED: Project STEM READ	12.556	[1]	<u>332,730</u>
Subtotal Support for Student Achievement at Military Connected Schools			<u>1,139,358</u>
Total U.S. Department of Defense Education Activity			<u>1,139,358</u>
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	13396	265,041
Especially Needy Breakfast Program	10.553	13526	<u>81,954</u>
Total Child Nutrition Cluster			<u>346,995</u>
Total U.S. Department of Agriculture			<u>346,995</u>
Total Expenditures of Federal Awards			<u><u>\$ 4,063,262</u></u>

[1] Direct award

ORGANIZATION

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

GOVERNING BOARD

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

ADMINISTRATION

Karl Mueller	Superintendent
Donnie Salamanca, CPA	Deputy Superintendent

Coronado Unified School District
 Schedule of Average Daily Attendance
 Year Ended June 30, 2020

	Final Report	
	Second Period Report	Annual Report
	No. 20EB9EE1	No. 4DB6AA50
Regular ADA		
Transitional kindergarten through third	735.65	735.65
Fourth through sixth	623.36	623.36
Seventh and eighth	488.08	488.08
Ninth through twelfth	1,085.53	1,085.53
Total Regular ADA	<u>2,932.62</u>	<u>2,932.62</u>
Extended Year Special Education		
Transitional kindergarten through third	2.75	2.75
Fourth through sixth	1.33	1.33
Seventh and eighth	0.80	0.80
Ninth through twelfth	1.36	1.36
Total Extended Year Special Education	<u>6.24</u>	<u>6.24</u>
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.99	0.99
Fourth through sixth	4.47	4.47
Seventh and eighth	-	-
Ninth through twelfth	5.17	5.17
Total Special Education, Nonpublic, Nonsectarian Schools	<u>10.63</u>	<u>10.63</u>
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.19	0.19
Fourth through sixth	0.30	0.30
Seventh and eighth	0.02	0.02
Ninth through twelfth	1.41	1.41
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	<u>1.92</u>	<u>1.92</u>
Total ADA	<u><u>2,951.41</u></u>	<u><u>2,951.41</u></u>

Coronado Unified School District

Schedule of Instructional Time

Year Ended June 30, 2020

Grade Level	1986-1987 Minutes Requirement	2019-2020 Actual Minutes	Number of Days		Status
			Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	36,900	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		58,485	180	N/A	Complied
Grade 2		58,485	180	N/A	Complied
Grade 3		58,485	180	N/A	Complied
Grades 4 - 8	54,000				
Grade 4		58,485	180	N/A	Complied
Grade 5		58,485	180	N/A	Complied
Grade 6		60,138	180	N/A	Complied
Grade 7		60,138	180	N/A	Complied
Grade 8		60,138	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		66,025	180	N/A	Complied
Grade 10		66,025	180	N/A	Complied
Grade 11		66,025	180	N/A	Complied
Grade 12		66,025	180	N/A	Complied

Coronado Unified School District
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2020

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2020.

Coronado Unified School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2020

	(Budget) 2021 ¹	2020	2019	2018
General Fund ³				
Revenues	\$ 34,929,652	\$ 38,591,888	\$ 38,281,954	\$ 34,388,685
Other sources	6,308,411	2,477,079	1,991,118	1,255,610
Total revenues and other sources	<u>41,238,063</u>	<u>41,068,967</u>	<u>40,273,072</u>	<u>35,644,295</u>
Expenditures	41,237,063	41,063,477	40,033,736	35,383,474
Other uses	-	4,491	238,335	259,821
Total expenditures and other uses	<u>41,237,063</u>	<u>41,067,968</u>	<u>40,272,071</u>	<u>35,643,295</u>
Increase in Fund Balance	<u>1,000</u>	<u>999</u>	<u>1,001</u>	<u>1,000</u>
Ending Fund Balance	<u>\$ 3,418,353</u>	<u>\$ 3,417,353</u>	<u>\$ 3,416,354</u>	<u>\$ 3,415,353</u>
Available Reserves ²	<u>\$ 1,237,112</u>	<u>\$ 1,429,428</u>	<u>\$ 1,405,174</u>	<u>\$ 3,887,847</u>
Available Reserves as a Percentage of Total Outgo	<u>3.00%</u>	<u>3.48%</u>	<u>3.61%</u>	<u>10.91%</u>
Long-Term Liabilities	<u>N/A</u>	<u>\$ 71,123,601</u>	<u>\$ 58,086,867</u>	<u>\$ 59,315,960</u>
K-12 Average Daily Attendance at P-2	<u>2,958</u>	<u>2,951</u>	<u>2,942</u>	<u>2,842</u>

The General Fund balance has increased by \$2,000 over the past two years. The fiscal year 2020-2021 budget projects an increase of \$1,000 (0.029 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, and other uses (total outgo).

The District has incurred an operating surplus in three of the past three years and anticipates incurring an operating surplus during the 2020-2021 fiscal year. Total long-term liabilities have increased by \$11,807,641 over the past two years.

Average daily attendance has increased by 107 over the past two years. An additional increase of nine ADA is anticipated during fiscal year 2020-2021.

¹ Budget 2021 is included for analytical purposes only and has not been subjected to audit.

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

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

Coronado Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2020

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Foundation Fund
Assets					
Deposits and investments	\$ 241,336	\$ 138,881	\$ 109,811	\$ 624,171	\$ 79,264
Receivables	38,182	175,072	290,509	-	226,908
Due from other funds	300	-	27,698	-	26,148
Stores inventories	-	-	14,012	-	-
Total assets	\$ 279,818	\$ 313,953	\$ 442,030	\$ 624,171	\$ 332,320
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 3,153	\$ 5,508	\$ 32,590	\$ -	\$ 22,648
Due to other funds	81,383	292,661	67,641	-	309,552
Total liabilities	84,536	298,169	100,231	-	332,200
Fund Balances					
Nonspendable	-	-	14,612	-	-
Restricted	121,573	15,784	327,187	141,688	-
Assigned	73,709	-	-	482,483	-
Unassigned	-	-	-	-	120
Total fund balances	195,282	15,784	341,799	624,171	120
Total liabilities and fund balances	\$ 279,818	\$ 313,953	\$ 442,030	\$ 624,171	\$ 332,320

Coronado Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2020

	Capital Facilities Fund	Bond Interest and Redemption Fund	Foundation Permanent Fund	Total Non-Major Governmental Funds
Assets				
Deposits and investments	\$ 304,571	\$ 1,164,849	\$ 301,908	\$ 2,964,791
Receivables	25,999	-	-	756,670
Due from other funds	88,348	-	-	142,494
Stores inventories	-	-	-	14,012
Total assets	\$ 418,918	\$ 1,164,849	\$ 301,908	\$ 3,877,967
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 950	\$ 64,849
Due to other funds	252,146	-	-	1,003,383
Total liabilities	252,146	-	950	1,068,232
Fund Balances				
Nonspendable	-	-	-	14,612
Restricted	166,772	1,164,849	300,958	2,238,811
Assigned	-	-	-	556,192
Unassigned	-	-	-	120
Total fund balances	166,772	1,164,849	300,958	2,809,735
Total liabilities and fund balances	\$ 418,918	\$ 1,164,849	\$ 301,908	\$ 3,877,967

Coronado Unified School District
Combining Statement of Revenues, Expenditure, and Changes in Fund Balances – Non-Major Governmental
Funds
Year Ended June 30, 2020

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Foundation Fund
Revenues					
Federal sources	\$ -	\$ -	\$ 346,995	\$ -	\$ -
Other State sources	225,938	410,417	27,803	-	-
Other local sources	41,222	28,092	512,143	12,958	539,497
Total revenues	<u>267,160</u>	<u>438,509</u>	<u>886,941</u>	<u>12,958</u>	<u>539,497</u>
Expenditures					
Current					
Instruction	62,984	353,978	-	-	-
Instruction-related activities					
Supervision of instruction	87,344	-	-	-	-
School site administration	110,755	48,648	-	-	-
Pupil services					
Food services	-	-	715,972	-	-
Administration					
All other administration	11,992	18,904	-	-	-
Plant services	-	9,462	-	-	174,878
Community services	-	-	-	-	364,499
Debt service					
Principal	-	-	-	-	-
Interest and other	-	-	-	-	-
Total expenditures	<u>273,075</u>	<u>430,992</u>	<u>715,972</u>	<u>-</u>	<u>539,377</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,915)</u>	<u>7,517</u>	<u>170,969</u>	<u>12,958</u>	<u>120</u>
Other Financing Sources (Uses)					
Transfers in	-	-	14,372	-	-
Transfers out	-	(6,626)	-	-	-
Net Financing Sources (Uses)	<u>-</u>	<u>(6,626)</u>	<u>14,372</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(5,915)	891	185,341	12,958	120
Fund Balance - Beginning	201,197	14,893	156,458	611,213	-
Fund Balance - Ending	<u>\$ 195,282</u>	<u>\$ 15,784</u>	<u>\$ 341,799</u>	<u>\$ 624,171</u>	<u>\$ 120</u>

Coronado Unified School District
Combining Statement of Revenues, Expenditure, and Changes in Fund Balances – Non-Major Governmental
Funds
Year Ended June 30, 2020

	Capital Facilities Fund	Bond Interest and Redemption Fund	Foundation Permanent Fund	Total Non-Major Governmental Funds
Revenues				
Federal sources	\$ -	\$ -	\$ -	\$ 346,995
Other State sources	-	1,880	-	666,038
Other local sources	309,786	1,099,097	6,578	2,549,373
Total revenues	309,786	1,100,977	6,578	3,562,406
Expenditures				
Current				
Instruction	-	-	-	416,962
Instruction-related activities				
Supervision of instruction	-	-	3,242	90,586
School site administration	-	-	-	159,403
Pupil services				
Food services	-	-	-	715,972
Administration				
All other administration	8,273	-	-	39,169
Plant services	-	-	-	184,340
Community services	-	-	-	364,499
Debt service				
Principal	325,000	745,000	-	1,070,000
Interest and other	218,517	318,750	-	537,267
Total expenditures	551,790	1,063,750	3,242	3,578,198
Excess (Deficiency) of Revenues Over Expenditures	(242,004)	37,227	3,336	(15,792)
Other Financing Sources (Uses)				
Transfers in	243,419	-	-	257,791
Transfers out	-	-	-	(6,626)
Net Financing Sources (Uses)	243,419	-	-	251,165
Net Change in Fund Balances	1,415	37,227	3,336	235,373
Fund Balance - Beginning	165,357	1,127,622	297,622	2,574,362
Fund Balance - Ending	\$ 166,772	\$ 1,164,849	\$ 300,958	\$ 2,809,735

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Coronado Unified School District (the District) under programs of the federal government for the year ended June 30, 2020. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Coronado Unified School District, it is not intended to and does not present the financial position, changes in net assets (or net position or fund balance), or cash flows (if applicable) (A) of Coronado Unified School District.

Summary of Significant Accounting Policies

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

Indirect Cost Rate

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

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.

Due to school closures caused by COVID-19, the District filed the COVID-19 School Closure Certification certifying that schools were closed for 56 days due to the pandemic. As a result, the District received credit for these 56 days in meeting the annual instructional days requirement. In addition, planned minutes covered by the COVID-19 School Closure Certification were included in the Actual Minutes column, but were not actually offered due to the COVID-19 school closure.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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



Independent Auditor's Reports
June 30, 2020

Coronado Unified School District



Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Coronado Unified School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Coronado Unified School District’s basic financial statements and have issued our report thereon dated March 26, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of Coronado Unified School District in a separate letter dated March 26, 2021.

Purpose of this Report

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

The image shows a handwritten signature in cursive script that reads "Eide Sully LLP".

Rancho Cucamonga, California
March 26, 2021



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

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

Report on Compliance for Each Major Federal Program

We have audited Coronado Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Coronado Unified School District's major federal programs for the year ended June 30, 2020. Coronado Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Coronado Unified School District's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

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

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



Rancho Cucamonga, California
March 26, 2021



Independent Auditor's Report on State Compliance

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

Report on State Compliance

We have audited Coronado Unified School District's (the District) compliance with the types of compliance requirements described in the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the state laws and regulations listed in the table below for the year ended June 30, 2020.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Compliance Requirements Tested

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

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	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	No, see below
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

We did not perform procedures for Independent Study because the independent study ADA was under the level that requires testing.

We did not perform Continuation Education procedures because the program is not offered by the District.

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

The District does not have any Juvenile Court Schools; therefore, we did not perform procedures related to Juvenile Court Schools.

The District does not have any Middle or Early College High Schools; therefore, we did not perform procedures related to Middle or Early College High Schools.

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

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

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

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

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

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

Unmodified Opinion

In our opinion, Coronado Unified School District complied with the laws and regulations of the state programs referred to above for the year ended June 30, 2020.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



Rancho Cucamonga, California
March 26, 2021



Schedule of Findings and Questioned Costs
June 30, 2020

Coronado Unified School District

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

Identification of major programs:

Name of Federal Program or Cluster	CFDA Number
Support for Student Achievement at Military Connected Schools/SPED: Project M3, Math, Mindset and Mastery	12.556
Support for Student Achievement at Military Connected Schools/SPED: Project Arts for Learning	12.556
Support for Student Achievement at Military Connected Schools/SPED: Project STEM READ	12.556

Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

STATE COMPLIANCE

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

None reported.

None reported.

None reported.

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



Management
Coronado Unified School District
Coronado, California

In planning and performing our audit of the financial statements of Coronado Unified School District (the District) for the year ended June 30, 2020, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated March 26, 2021, on the government-wide financial statements of the District.

ASSOCIATED STUDENT BODY (ASB)

Coronado Middle School

Observations

1. One of five receipts tested was not being deposited on a timely basis (15 days between receipt date and deposit date).
2. One of 25 disbursements tested was not approved in the minutes prior to disbursement of funds.
3. All three revenue potential forms tested were not approved in the minutes prior to the event.
4. All three revenue potential forms tested did not have the budget portion completed prior to the event. In addition, the actual results were not completed at the conclusion of the event and compared to budget to determine if the fundraiser was successful or not.

Recommendation

1. The District should, at a minimum, make their deposits once a week to minimize the amount of cash on hand. The frequency of deposits may need to be increased depending on the volume and amount of cash collected. At a minimum, the District should try and make a single deposit once a week to reduce the risks associated with theft, loss, and misappropriation.
2. All approvals should be cleared documented within ASB minutes or via a check request form, including the date the approval took place, to ensure that proper approval documentation is retained for audit purpose. This will identify and prevent potential misappropriation of ASB funds.

3. Review and approving the fundraising events are an important control activity to prevent any potential unacceptable ASB activity. All fundraising events should be approved by the student council prior to the event taking place to ensure that the activities related to fundraisers are appropriate in a school setting.
4. As the revenue potential form is a vital internal control tool, it should be used to document revenues, expenditures, potential revenue, and actual revenue. This allows an analysis of the fundraiser to be conducted, indicating to the staff the success or failure of the completed project. The revenue potential form also indicates weak control areas in the fundraising procedures at the site, including lost or stolen merchandise, problems with collecting all moneys due, and so forth.

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

Eide Bailly LLP

Rancho Cucamonga, California
March 26, 2021