



San Ysidro School District

County of San Diego
San Diego, California

Audit Report

June 30, 2021



WILKINSON HADLEY
KING & CO. LLP
CPAs AND ADVISORS



San Ysidro School District

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June 30, 2021

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Independent Auditor's Report

To the Board of Education
San Ysidro School District
San Diego, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the San Ysidro School District (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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.

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 opinion.

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as identified in the table of contents 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 an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements.

The accompanying supplementary information identified in the table of contents, as required by the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations, Section 19810* is presented for purposes of additional analysis and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2022, on our consideration of San Ysidro School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Wilkinson Hadley King & Co LLP

El Cajon, California
March 31, 2022

SAN YSIDRO SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021
(Unaudited)

Basic Financial Statements

San Ysidro School District

Statement of Net Position

June 30, 2021

	Governmental Activities
Assets	
Cash	\$ 45,918,799
Accounts Receivable	11,909,812
Inventory	78,624
Capital Assets:	
Land	45,896,267
Land Improvements	19,923,026
Buildings & Improvements	134,718,919
Equipment	3,382,365
Work in Progress	237,392
Less Accumulated Depreciation	(70,218,816)
Total Assets	<u>191,846,388</u>
Deferred Outflows of Resources	<u>31,253,831</u>
Liabilities	
Accounts Payable and Other Current Liabilities	3,714,454
Unearned Revenue	1,834,204
Long-Term Liabilities:	
Due Within One Year	13,190,400
Due In More Than One Year	323,171,431
Total Liabilities	<u>341,910,489</u>
Deferred Inflows of Resources	<u>7,111,285</u>
Net Position	
Net Investment in Capital Assets	(120,368,778)
Restricted For:	
Capital Projects	27,716,885
Debt Service	12,663,454
Educational Programs	2,758,992
Other Purposes (Expendable)	6,963,630
Other Purposes (Nonexpendable)	147,057
Unrestricted	(55,802,795)
Total Net Position	<u><u>\$ (125,921,555)</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

San Ysidro School District
Statement of Activities
For the Year Ended June 30, 2021

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital Grants	Revenue and
		Services	Grants and	and	Changes in Net
			Contributions	Contributions	Position
					Governmental
					Activities
Governmental Activities					
Instruction	\$ 44,587,229	\$ 2,584,308	\$ 14,736,818	\$ -	\$ (27,266,103)
Instruction-Related Services:					
Instructional Supervision and Administration	1,040,011	-	329,742	-	(710,269)
Instructional Library, Media and Technology	579,960	-	5,989	-	(573,971)
School Site Administration	3,441,339	-	218,154	-	(3,223,185)
Pupil Services:					
Home-to-School Transportation	722,249	-	41,989	-	(680,260)
Food Services	2,913,382	-	3,196,019	-	282,637
All Other Pupil Services	4,141,472	180	1,739,881	-	(2,401,411)
General Administration:					
Centralized Data Processing	1,175,453	-	473,831	-	(701,622)
All Other General Administration	5,407,274	1,549	2,078,912	-	(3,326,813)
Plant Services	6,292,466	10,750	731,322	-	(5,550,394)
Ancillary Services	11,440	-	2,653	-	(8,787)
Community Services	-	-	-	-	-
Interest on Long-Term Debt	10,083,575	-	-	-	(10,083,575)
Debt Issuance Costs	2,109,618	-	-	-	(2,109,618)
Depreciation (unallocated)*	4,939,788	-	-	-	(4,939,788)
Total Governmental Activities	<u>\$ 87,445,256</u>	<u>\$ 2,596,787</u>	<u>\$ 23,555,310</u>	<u>\$ -</u>	<u>(61,293,159)</u>
General Revenues					
Taxes and Subventions:					
Property Taxes, Levied for General Purposes					\$ 23,747,794
Property Taxes, Levied for Debt Service					10,471,446
Property Taxes, Levied for Other Specific Purposes					3,430,230
Federal and State Aid Not Restricted for Specific Purposes					23,786,798
Interest and Investment Earnings					468,722
Miscellaneous					50,759
Total General Revenues					<u>61,955,749</u>
Change in Net Position					662,590
Net Position - Beginning of Year, As Restated (See Note P)					<u>(126,584,145)</u>
Net Position - Ending					<u><u>\$ (125,921,555)</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

San Ysidro School District

Balance Sheet – Governmental Funds

June 30, 2021

	General Fund	Cafeteria Fund	Building Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total
Assets						
Cash and Cash Equivalents	\$ 5,548,651	\$ 782,559	\$ 20,012,563	\$ 12,663,454	\$ 6,911,572	\$ 45,918,799
Accounts Receivable	11,355,693	354,213	-		199,906	11,909,812
Due from Other Funds	1,099,484	40,238	-	-	1,506,318	2,646,040
Stores Inventories	-	78,624	-	-	-	78,624
Total Assets	<u>\$ 18,003,828</u>	<u>\$ 1,255,634</u>	<u>\$ 20,012,563</u>	<u>\$ 12,663,454</u>	<u>\$ 8,617,796</u>	<u>\$ 60,553,275</u>
Liabilities and Fund Balance:						
Liabilities:						
Accounts Payable	2,049,442	41,813	-	-	1,819	2,093,074
Due to Other Funds	1,540,485	812,148	-	-	293,408	2,646,041
Unearned Revenue	1,568,512	11,596	-	-	254,096	1,834,204
Total Liabilities	<u>5,158,439</u>	<u>865,557</u>	<u>-</u>	<u>-</u>	<u>549,323</u>	<u>6,573,319</u>
Fund Balance:						
Nonspendable	68,433	78,624	-	-	-	147,057
Restricted	9,047,017	311,453	20,012,563	12,663,454	8,068,473	50,102,960
Assigned	1,445,256	-	-	-	-	1,445,256
Unassigned	2,284,683	-	-	-	-	2,284,683
Total Fund Balance	<u>12,845,389</u>	<u>390,077</u>	<u>20,012,563</u>	<u>12,663,454</u>	<u>8,068,473</u>	<u>53,979,956</u>
Total Liabilities and Fund Balances	<u>\$ 18,003,828</u>	<u>\$ 1,255,634</u>	<u>\$ 20,012,563</u>	<u>\$ 12,663,454</u>	<u>\$ 8,617,796</u>	<u>\$ 60,553,275</u>

The accompanying notes to the financial statements are an integral part of this statement.

San Ysidro School District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2021

Total fund balances, governmental funds: \$ 53,979,956

Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.

Capital assets relating to governmental activities, at historical cost	204,157,969	
Accumulated depreciation	(70,218,816)	
	<u>Net</u>	133,939,153

Unamortized costs: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs for prepaid debt insurance are amortized over the life of the debt.

Unamortized debt insurance costs included in deferred outflows of resources on the 716,817

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unamatured interest owing at the end of the period (1,621,380)

Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

General obligation bonds payable	213,541,054	
Certificates of participation payable	40,766,877	
QZAB Bonds	253,630	
Principal apportionment repayment plan	2,064,325	
Net pension liability	60,679,543	
Total OPEB liability	18,191,841	
Compensated absences	864,561	
	<u>Total</u>	(336,361,831)

The accompanying notes to the financial statements are an integral part of this statement.

San Ysidro School District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position, Continued June 30, 2021

Deferred gain or loss on debt refunding: In the government wide financial statements deferred gain or loss on debt refunding is recognized as a deferred outflow of resources (for a loss) or a deferred inflow of resources (for a gain) and subsequently amortized over the life of the debt. Deferred gain or loss on debt refunding recognized as a deferred outflow of resources or deferred inflow of resources on the statement of

	14,714,218
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Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources relating to pensions	13,704,883	
Deferred inflows of resources relating to pensions	<u>(6,645,151)</u>	
Net		7,059,732

Deferred outflows and inflows of resources relating to OPEB: In governmental funds, deferred outflows and inflows of resources related to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources related to OPEB are reported.

Deferred outflows of resources relating to OPEB	2,117,913	
Deferred inflows of resources relating to OPEB	<u>(466,134)</u>	
Net		1,651,779

Rounding Variance		<u>1</u>
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Total net position, governmental activities:	<u><u>\$ (125,921,555)</u></u>
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The accompanying notes to the financial statements are an integral part of this statement.

San Ysidro School District

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Year Ended June 30, 2021

	General Fund	Cafeteria Fund	Building Fund	Bond Interest & Redemption Fund	Nonmajor Governmental Funds	Total
Revenues						
State Apportionment	\$ 21,550,093	\$ -	\$ -	\$ -	\$ -	\$ 21,550,093
Education Protection Account Funds	1,034,520	-	-	-	-	1,034,520
Property Taxes	23,747,794	-	-	10,471,446	3,430,230	37,649,470
Federal Revenue	9,606,538	2,464,219	-	-	442,916	12,513,673
Other State Revenue	8,534,028	833,091	-	-	1,204,941	10,572,060
Interest and Investment Income	122,357	6,014	182,936	76,154	81,261	468,722
Other Local Revenue	3,648,090	-	1,701	1,171	1,616,313	5,267,275
Total Revenues	<u>\$ 68,243,420</u>	<u>\$ 3,303,324</u>	<u>\$ 184,637</u>	<u>\$ 10,548,771</u>	<u>\$ 6,775,661</u>	<u>\$ 89,055,813</u>
Expenditures						
Current Expenditures:						
Instruction	41,751,942	-	-	-	931,841	42,683,783
Instruction - Related Services	4,543,120	-	-	-	274,801	4,817,921
Pupil Services	4,589,498	2,830,039	-	-	88,678	7,508,215
Ancillary Services		115,353	-	-	11,440	126,793
General Administration	6,176,376	2,240	-	-	74,772	6,253,388
Plant Services	6,034,166	-	52,500	-	77,891	6,164,557
Other Outgo	887,621	-	1,003,155	-	-	1,890,776
Capital Outlay	80,368	-	68,974	-	40,000	189,342
Debt Service:						
Principal	10,861,662	-	14,000,000	4,594,822	2,671,852	32,128,336
Interest	1,190,097	-	1,362,416	2,528,763	1,396,992	6,478,268
Total Expenditures	<u>76,114,850</u>	<u>2,947,632</u>	<u>16,487,045</u>	<u>7,123,585</u>	<u>5,568,267</u>	<u>108,241,379</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,871,430)</u>	<u>355,692</u>	<u>(16,302,408)</u>	<u>3,425,186</u>	<u>1,207,394</u>	<u>(19,185,566)</u>
Other Financing Sources (Uses):						
Transfers In	-	-	-	-	4,068,844	4,068,844
Transfers Out	-	-	-	-	(4,068,844)	(4,068,844)
Proceeds from Debt Issuance	17,228,310	-	38,308,801	-	-	55,537,111
Other Financing Uses	-	-	(2,000,006)	-	-	(2,000,006)
Other Financing Sources	-	-	-	2,000,006	-	2,000,006
Total Other Financing Sources (Uses)	<u>17,228,310</u>	<u>-</u>	<u>36,308,795</u>	<u>2,000,006</u>	<u>-</u>	<u>55,537,111</u>
Net Change in Fund Balance	9,356,880	355,692	20,006,387	5,425,192	1,207,394	36,351,545
Fund Balance, Beginning of Year	<u>3,488,509</u>	<u>34,385</u>	<u>6,176</u>	<u>7,238,262</u>	<u>6,861,079</u>	<u>17,628,411</u>
Fund Balance, End of Year	<u>\$ 12,845,389</u>	<u>\$ 390,077</u>	<u>\$ 20,012,563</u>	<u>\$ 12,663,454</u>	<u>\$ 8,068,473</u>	<u>\$ 53,979,956</u>

The accompanying notes to the financial statements are an integral part of this statement.

San Ysidro School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2021

Total change in fund balances, governmental funds: \$ 36,351,545

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay	189,342	
Depreciation expense	<u>(4,939,788)</u>	
Net		(4,750,446)

Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 32,128,336

Debt proceeds: In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were: (55,537,111)

Debt issue costs for prepaid debt insurance: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs for prepaid debt insurance are amortized over the life of the debt. The difference between debt issue costs for prepaid insurance incurred in the current period and prepaid insurance costs amortized for the period is: (108,735)

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was: (6,649,850)

The accompanying notes to the financial statements are an integral part of this statement.

San Ysidro School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities, Continued For the Year Ended June 30, 2021

Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of debt issue premium or discount, or deferred gain or loss from debt refunding for the period was: 3,003,412

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was: (310,508)

Pensions: In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was: (2,769,413)

Other postemployment benefits (OPEB): In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was: (694,640)

Change in net position of governmental activities: \$ 662,590

The accompanying notes to the financial statements are an integral part of this statement.

San Ysidro School District

Notes to the Financial Statements

For the Year Ended June 30, 2021

A. Summary of Significant Accounting Policies

San Ysidro School District (District) accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

1. Reporting Entity

The District operates under a locally elected Board of Education form of government and provides educational services to grades K-8 as mandated by the state. 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 and agencies that are not legally separate from the District. For the District, this includes general operations, special revenue funds, capital facilities funds, debt service funds, and student-related activities.

2. 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.

The District and the San Ysidro Community Facilities District (the CFD) and the San Ysidro School District Public Financing Authority (PFA) have a financial and operational relationship which meet the reporting entity definition criteria of the Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, for inclusion of the CFD and PFA as a component unit of the District. Therefore, the financial activities of the CFD and PFA have been included in the basic financial statements as a blended component unit.

The following are those aspects of the relationship between the District and the CFD and PFA which satisfy Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, criteria:

a. Manifestations of Oversight

The governing body of the CFD and PFA are substantively the same as the District's Board of Directors.

The CFD and PFA have no employees, the District's Superintendent and Director of Fiscal Services function as agents of the CFD and PFA. Neither individual received additional compensation for work performed in this capacity.

The District exercises significant influence over operations of the CFD and PFA as it is anticipated that the District will be the sole lessee of all facilities owned by the CFD and PFA.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

b. Accounting and Fiscal Matters

All major financing arrangements, contracts, and other transactions of the CFD and PFA must have the consent of the District.

The District will assume a “moral obligation”, and potentially a legal obligation, for any debt incurred by the CFD and PFA.

c. Scope of Public Service and Financial Presentation

The CFD and PFA was created for the sole purpose of financially assisting the District.

The CFD and PFA were created pursuant to a joint powers agreement between the District and the California Statewide Communities Development Authority, pursuant to California Government Code, commencing with Section 6500. The CFD and PFA were formed to provide financing assistance to the District for construction and acquisition of major capital facilities. Upon completion the District intends to occupy all CFD facilities.

The CFD and PFA’s financial activity is presented in the financial statements in the Capital Projects Fund for Blended Component Units and Debt Service Fund for Blended Component Units.

Based upon review of the applicable GASB pronouncements, the District is not a component unit of any other entity.

3. Basis of Presentation

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of 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 or business segment is self-financing or draws from general revenues of the District.

Fund Financial Statements. The fund financial statements provide information about the District’s funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service programs, construction and maintenance of school facilities, and repayment of long-term debt.

Fiduciary funds are used to account for assets held by the District in a trustee or agency capacity for others that cannot be used to support the District's own programs.

Major Governmental Funds

The District reports the following major governmental funds:

General Fund: The general fund is the primary operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund.

Cafeteria Special Revenue Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code §38091 through §38093*). The Cafeteria Special Revenue Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code §38091 and §38100*).

Building Fund: This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code §15146*) and may not be used for any purpose other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code §17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code §41003*).

Bond Interest and Redemption Fund: The bond interest and redemption fund is used for the repayment of bonds issued for the District (*Education Code §15125 through §15262*). The County of San Diego Auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the County Treasurer from taxes levied by the County Auditor-Controller.

Non-Major Governmental Funds

The District reports the following non-major governmental funds categorized by the fund type:

Special Revenue Funds: Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following nonmajor special revenue funds:

Associated Student Body Fund: This fund is used to account separately for the activities of associated student body organizations operated by the District.

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

Capital Projects Funds: Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The District maintains the following nonmajor capital projects funds:

Capital Facilities Fund: The Capital Facilities Fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code §17620 through §17626*). The authority for these levies may be county or city ordinances (*Government Code §65970 through §65981*) or private agreements between the District and the developer. All funds, including interest earned, are restricted to the purposes specified in *Government Code §65970 through §65981* or *Government Code §65995*, or items specified in agreements with the developer (*Government Code §66006*).

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (*Education Code §42840*). This fund may also be used to account for any other revenues specifically for capital projects that are not restricted to other capital projects funds. Other authorized resources that may be deposited into this fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code §17462*) and rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code §41003*).

Capital Projects Fund for Blended Component Units (CFD): This fund is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered component units of the District under generally accepted accounting principles (GAAP). The Mello-Roos Community Facilities Act of 1982 (*Government Code §5311 et seq.*) allows any county, city, special district, school district, or joint powers authority to establish, upon approval of two-thirds of the voters in the district, a “Community Facilities District” (CFD) for the purpose of selling tax-exempt bonds to finance public improvements and services. The District has one CFD reported as a blended component unit.

Debt Service Funds: Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt. The District maintains the following nonmajor debt service funds:

Debt Service Fund for Blended Component Units: This fund is used to account for the accumulation of resources for the payment of principal and interest on bonds issued by Mello-Roos Community Facility Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP). The Mello-Roos Community Facilities Act of 1982 (*Government Code §5311 et seq.*) allows any county, city, special district, school district, or joint powers authority to establish, upon approval of two-thirds of the voters in the district, a “Community Facilities District” (CFD) for the purpose of selling tax-exempt bonds to finance public improvements and services. The District has one CFD reported as a blended component unit.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

4. Basis of Accounting – Measurement Focus

Government-Wide and Fiduciary Financial Statements. The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. The governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

5. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid or at year end, whichever is sooner.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

6. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's governing board must adopt a final budget no later than July 1st. A public hearing must be conducted to receive comments prior to adoption. The District's governing board has satisfied these requirements.

These budgets are revised by the District's governing board and district superintendent during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was used as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts.

7. Revenues and Expenses

a. Revenues – Exchange and Non-Exchange

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 year or expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as to not distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, property taxes, interest, certain grants, and other local sources.

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

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

b. Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the government-wide financial statements.

8. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position

a. Deposits and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institutions is fully insured or collateralized. For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

In accordance with Education Code §41001, the District maintains substantially all its cash in the San Diego County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds, except for the Tax Override Funds, in which interest earned is credited to the general fund. Any investment losses are proportionately shared by all funds in the pool.

The county is authorized to deposit cash and invest excess funds by California Government Code §53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

Information regarding the amount of dollars invested in derivatives with San Diego County Treasury was not available.

b. Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued using the first-in/first-out (FIFO) method and consist of expendable supplies held for consumption. Reported inventories are equally offset by a non-spendable fund balance designation, which indicates that these amounts are not “available for appropriation and expenditure” even though they are a component of net current assets.

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures during the benefiting period.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings & Improvements	20 - 50 Years
Land Improvements	10 - 25 Years
Equipment	5 - 15 Years

d. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The balance of the liabilities is recognized in the government-wide financial statements at year end.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

e. Unearned Revenue

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

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

f. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

g. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact (such as revolving cash accounts or principal of a permanent fund).

Restricted Fund Balance represents amounts that are subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations, or may be imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget or resolution. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

Unassigned Fund Balance represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose 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.

h. Minimum Fund Balance Policy

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce the service levels because of temporary revenue shortfalls or unpredicted expenses. The District's minimum fund balance policy requires a reserve for economic uncertainties, consisting of unassigned amounts equal to 3% of the general fund operating expenses and other financing uses.

i. Deferred Inflows and Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement numbers 63 and 65.

j. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources relating to pension, deferred inflows of resources relating to pension, and pension expense, information about the fiduciary net position of the CalPERS Schools Pool Cost-Sharing Multiple-Employer Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple Employer Plan (CalSTRS Plan), and additions to/deductions from the CalPERS Plan and CalSTRS Plan fiduciary net positions have been determined on the same basis as they are reported by the CalPERS Financial Office and CalSTRS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain timeframes. For this report, the following time frames are used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

k. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report the following timeframes are used:

Valuation Date	July 1, 2019
Measurement Date	July 1, 2020
Measurement Period	July 1, 2019 to June 30, 2020

9. Property Taxes

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 Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

10. Use of 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.

11. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles as defined by Governmental Accounting Standards Board (GASB) Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy is detailed as follows:

Level 1 Inputs:	Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
Level 2 Inputs:	Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
Level 3 Inputs:	Unobservable inputs to an asset or liability.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

12. New Accounting Pronouncements

The District has adopted accounting policies compliant with new pronouncements issued by the Government Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2021. Those newly implemented pronouncements are as follows:

Description	Date Issued
GASB Statement 84, Fiduciary Activities	01/2017
GASB Statement 90, Majority Equity Interest – an amendment of GASB Statements 14 and 61	08/2018
GASB Statement 93, Replacement of Interbank Offered Rates	03/2020
GASB Implementation Guide No. 2019-1, Implementation Guidance Update – 2019	04/2019
GASB Implementation Guide No. 2019-2, Fiduciary Activities	06/2019

The implementation of new accounting guidelines resulted in the following changes during the fiscal year ended June 30, 2021:

- Associated Student Body Funds were previously accounted for as fiduciary funds. It was determined by the District, as a result of applying definitions in GASB Statement No. 84, that the funds are governmental rather than fiduciary. The District established a special revenue fund to account for these activities.

Implementation of these standards did not result in any additional changes to financial accounting or reporting for the District.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

B. Compliance and Accountability

1. Finance Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", violations of finance-related legal and contractual provisions, if any are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None Reported	Not Applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

The following funds are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None	Not Applicable	Not Applicable

C. Fair Value Measurements

The District's investments at June 30, 2021, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

	<u>Amount</u>	<u>Fair Value Measurement Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
External investment pools measured at fair value				
San Diego County Treasury	\$ 43,902,045	\$ -	\$ 43,902,045	\$ -
Total investments by fair value level	<u>\$ 43,983,004</u>	<u>\$ -</u>	<u>\$ 43,983,004</u>	<u>\$ -</u>
Total investments by fair value level				
Money Market Funds	\$ 1,867,362	\$ 1,867,362	\$ -	\$ -
Total investments by fair value level	<u>\$ 1,867,362</u>	<u>\$ 1,867,362</u>	<u>\$ -</u>	<u>\$ -</u>

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 §41001). The fair value of the District's investments in the pool is reported in the accounting financial statements as 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 the 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.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

The San Diego County Treasury is not registered with the Securities and Exchange Commission (SEC) as an investment company; however, the County Treasury acts in accordance with investment policies monitored by a Treasury Oversight Committee consisting of members appointed by participants in the investment pool and up to five members of the public having expertise, or an academic background in, public finance. In addition, the County Treasury is audited annually by an independent auditor.

D. Cash and Investments

As of June 30, 2021, the District held the following cash and cash equivalents:

	General Fund	Cafeteria Fund	Building Fund	Bond Interest & Redemption Fund	Nonmajor Governmental Funds	Total
Cash in County Treasury	\$ 5,433,114	\$ 778,309	\$ 19,929,342	\$ 12,663,454	\$ 4,968,263	\$ 43,772,482
Fair Market Value Adjustment	22,689	3,250	83,221	-	20,403	129,563
Cash in Bank	24,415	1,000	-	-	55,544	80,959
Cash in Revolving Fund	68,433	-	-	-	-	68,433
Cash with Fiscal Agent	-	-	-	-	1,867,362	1,867,362
Total Cash and Cash Equivalents	<u>\$ 5,548,651</u>	<u>\$ 782,559</u>	<u>\$ 20,012,563</u>	<u>\$ 12,663,454</u>	<u>\$ 6,911,572</u>	<u>\$ 45,918,799</u>

1. Cash in County Treasury

In accordance with Education Code §41001, the District maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool (\$43,772,482 as of June 30, 2021). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$43,983,004. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

2. Cash on Hand, In Banks, and in Revolving Fund

Cash balances on hand and in banks (\$80,959 as of June 30, 2021) and in revolving fund (\$68,433 as of June 30, 2021) are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC).

3. Cash with Fiscal Agents

The District's cash with fiscal agents at June 30, 2021 are shown below:

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
U.S. Money Market Funds	< 30 days	1,867,362

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

4. Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
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	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

5. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county treasury is restricted by Government Code §53635 pursuant to §53601 to invest only in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The ratings of securities by nationally recognized rating agencies are designed to give an indication of risk.

At June 30, 2021, credit risk for the District's investments was as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
County Treasurer's Investment Pool	Unrated	Not Applicable	\$ 13,727,324
U.S. Bank Investment Agreement	Unrated	Not Applicable	81,878
U.S. Money Market Funds	Unrated	Not Applicable	826,483

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At June 30, 2021, the District's bank balance, including revolving cash, did not exceed FDIC insurance limitations and as such the District was not exposed to custodial credit risk.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. Investments in any one issuer that represent five percent or more of the total investments are either an external investment pool and are therefore exempt. As such, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in 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 maintains pooled investments with the San Diego County Treasury with a fair value of \$13,727,324. The average weighted maturity for this pool was 516 days at June 30, 2021.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

6. Investment Accounting Policy

The District is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The District's investments in external investment pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is a 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

E. Accounts Receivable

There are no significant receivables which are not scheduled for collection within one year of year end. Accounts receivable balances as of June 30, 2021 consisted of:

	Major Governmental Funds		Nonmajor	
	General	Cafeteria	Governmental	
	Fund	Fund	Funds	Total
Federal Government:				
Special Education	\$ 972,795	\$ -	\$ -	\$ 972,795
Title I	76	-	-	76
Title IV	104,200	-	-	104,200
ESSER I	250,165	-	-	250,165
ESSER II	952,408	-	-	952,408
GEER (LLM)	176,864	-	-	176,864
Child Nutrition		327,200	-	327,200
Medi-Cal Billing	2,163	-	-	2,163
Head Start	-	-	39,600	39,600
State Government:				
LCFF State Aid	6,361,180	-	-	6,361,180
Lottery	290,618	-	-	290,618
Special Education	994,807	-	-	994,807
Child Development	-	-	52,694	52,694
In Person Instruction	321,436	-	-	321,436
ELO Grant	191,685	-	-	191,685
Child Nutrition	-	27,013	-	27,013
Local Sources				
ASES	732,868	-	-	732,868
CA State Preschool Program	-	-	68,012	68,012
Other Local Sources	4,428	-	39,600	44,028
Total Accounts Receivable	<u>\$ 11,355,693</u>	<u>\$ 354,213</u>	<u>\$ 199,906</u>	<u>\$ 11,909,812</u>

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

F. Capital Assets

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

<u>Governmental activities:</u>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 45,896,267	\$ -	\$ -	\$ 45,896,267
Work in progress	66,996	170,396	-	237,392
Total capital assets not being depreciated	<u>45,963,263</u>	<u>170,396</u>	<u>-</u>	<u>46,133,659</u>
Capital assets being depreciated:				
Land improvements	19,923,026	-	-	19,923,026
Buildings and improvements	134,718,919	-	-	134,718,919
Equipment	3,363,419	18,946	-	3,382,365
Total capital assets being depreciated	<u>158,005,364</u>	<u>18,946</u>	<u>-</u>	<u>158,024,310</u>
Less accumulated depreciation for:				
Land improvements	(15,798,772)	(955,483)	-	(16,754,255)
Buildings and improvements	(46,801,511)	(3,846,798)	-	(50,648,309)
Equipment	(2,678,745)	(137,507)	-	(2,816,252)
Total accumulated depreciation	<u>(65,279,028)</u>	<u>(4,939,788)</u>	<u>-</u>	<u>(70,218,816)</u>
Total capital assets being depreciated, net	<u>92,726,336</u>	<u>(4,920,842)</u>	<u>-</u>	<u>87,805,494</u>
Governmental activities capital assets, net	<u>\$ 138,689,599</u>	<u>\$ (4,750,446)</u>	<u>\$ -</u>	<u>\$ 133,939,153</u>

Depreciation of \$4,939,788 was not charged to any function.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

G. Interfund Balances & Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2021 consisted of the following:

<u>Interfund Receivable (Due From Other Funds)</u>	<u>Interfund Payable (Due To Other Funds)</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Child Development	\$ 246,873	Interfund Borrowing
Child Development	General Fund	6,318	Interfund Borrowing
Cafeteria Fund	General Fund	40,238	Interfund Borrowing
Capital Facilities	General Fund	1,500,000	Interfund Borrowing
General Fund	Cafeteria Fund	806,076	Interfund Borrowing
General Fund	Capital Facilities	46,535	Interfund Borrowing
	Total	<u>\$ 2,646,040</u>	

2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2021, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
CFD Debt Service Fund	CFD Capital Project Fund	<u>\$ 4,068,844</u>	CFD Debt Service

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

H. Accounts Payable

Accounts payable balances as of June 30, 2021 consisted of:

	Major Governmental Funds		Nonmajor Governmental	
	General	Cafeteria	Funds	Total
	Fund	Fund		
Vendors Payable	\$ 523,957	\$ 8,730	\$ -	\$ 532,687
Payroll and Benefits	85,587	33,083	1,819	120,489
LCFF Repayment	1,439,898	-	-	1,439,898
Total accounts payable	<u>\$ 2,049,442</u>	<u>\$ 41,813</u>	<u>\$ 1,819</u>	<u>\$ 2,093,074</u>

I. Unearned Revenue

Unearned revenue balances as of June 30, 2021 consisted of:

	Major Governmental Funds		Non Major Governmental	
	General	Cafeteria	Funds	Total
	Fund	Fund		
Title I	\$ 913,960	-	\$ -	\$ 913,960
ESSA School Improvement	21,769	-	-	21,769
Title II Supporting Effective Instruction	147,690	-	-	147,690
Title IV Student Support & Academic Enrichment	100,343	-	-	100,343
Title III Immigrant Student	9,696	-	-	9,696
Title III English Learner	208,986	-	-	208,986
ESSA Education for Homeless Children	166,068	-	-	166,068
Head Start	-	-	254,096	254,096
Child Nutrition	-	11,596	-	11,596
Total unearned revenue	<u>\$ 1,568,512</u>	<u>\$ 11,596</u>	<u>\$ 254,096</u>	<u>\$ 1,834,204</u>

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

J. Fund Balance Classifications of the Governmental Funds

Ending fund balance classifications of the governmental funds for the year ended June 30, 2021 consisted of:

	Major Governmental Funds				Nonmajor Governmental Funds	Total
	General Fund	Cafeteria Fund	Building Fund	Bond Interest and Redemption Fund		
Nonspendable Fund Balance						
Revolving Cash	\$ 68,433	\$ -	\$ -	\$ -	\$ -	\$ 68,433
Stores	-	78,624	-	-	-	78,624
Total Nonspendable Fund Balance	68,433	78,624	-	-	-	147,057
Restricted Fund Balance						
Capital Projects	335,601	-	20,012,563	-	7,704,322	28,052,486
Debt Service	-	-	-	12,663,454	-	12,663,454
Student Activity Funds	-	-	-	-	55,544	55,544
Medi-Cal Billing	20,075	-	-	-	-	20,075
Lottery: Instructional Materials	374,014	-	-	-	-	374,014
Special Education	15,027	-	-	-	-	15,027
Expanded Learning Opportunities	2,305,171	-	-	-	-	2,305,171
Child Development	-	-	-	-	308,607	308,607
Educational Programs	77,005	-	-	-	-	77,005
Child Nutrition	-	311,453	-	-	-	311,453
Other Purposes	5,920,124	-	-	-	-	5,920,124
Total Restricted Fund Balance	9,047,017	311,453	20,012,563	12,663,454	8,068,473	50,102,960
Assigned Fund Balance						
ADA Overstatement Repayment	1,445,256	-	-	-	-	1,445,256
Total Assigned Fund Balance	1,445,256	-	-	-	-	1,445,256
Unassigned Fund Balance						
For Economic Uncertainties	2,284,683	-	-	-	-	2,284,683
Total Unassigned Fund Balance	2,284,683	-	-	-	-	2,284,683
Total Fund Balance	\$ 12,845,389	\$ 390,077	\$ 20,012,563	\$ 12,663,454	\$ 8,068,473	\$ 53,979,956

K. Short Term Debt Activity

The District accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as other financing sources. The District did not issue any short-term debt during the current fiscal year.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

L. Long Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2021, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 115,873,131	\$ 35,830,000	\$ 4,594,822	\$ 147,108,309	\$ 7,602,218
Accreted Interest	54,045,656	7,860,993	1,140,179	60,766,470	1,292,782
Bond Premiums	3,406,365	2,454,509	194,599	5,666,275	383,591
Total GO Bonds	<u>173,325,152</u>	<u>46,145,502</u>	<u>5,929,600</u>	<u>213,541,054</u>	<u>9,278,591</u>
 Certificates of Participation	46,844,715	16,455,000	25,119,715	38,180,000	1,950,000
Accreted Interest	593,295	-	593,295	-	-
COPS Premiums/Discounts	3,058,604	797,602	1,269,329	2,586,877	131,240
Total Certificates of Participation	<u>50,496,614</u>	<u>17,252,602</u>	<u>26,982,339</u>	<u>40,766,877</u>	<u>2,081,240</u>
 Capital Leases Payable	1,447,791	-	1,447,791	-	-
QZAB Bonds	507,260	-	253,630	253,630	253,630
Principal Apportionment Plan	2,776,703	-	712,378	2,064,325	712,378
Total OPEB Liability	17,019,214	1,172,627	-	18,191,841	-
Net Pension Liability	63,801,611	-	3,122,068	60,679,543	-
Compensated Absences*	554,053	310,508	-	864,561	864,561
Total Governmental Activities	<u>\$ 309,928,398</u>	<u>\$ 64,881,239</u>	<u>\$ 38,447,806</u>	<u>\$ 336,361,831</u>	<u>\$ 13,190,400</u>

*Other long-term liabilities

- Payments for general obligation bonds are made from the bond interest and redemption fund.
- Payments for certificates of participation are made from the debt service fund for blended component units.
- Payments for capital leases are made from the general fund.
- Payments for pension contributions are made from the general fund.
- Payments for OPEB contributions are made from the general fund.
- Payments for compensated absences are made from the general fund.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

2. General Obligation Bonds

The District's bonded debt consists of various issues of general obligation bonds that are generally callable with interest payable semiannually. Bond proceeds pay primarily for acquiring or constructing capital facilities. The District repays general obligation bonds from voter-approved property taxes.

In 1997, registered voters authorized the issuance of \$250,000,000 principal amount of general obligation bonds. Of the amounts originally authorized, \$108,487,391 were not issued.

On March 3, 2020, registered voters approved Measure U authorizing the issuance of \$55,500,000 in bonds to replace the bonds previously authorized in 1997. Of the amounts authorized under Measure U, \$35,500,000 remains unissued.

On March 3, 2020, registered voters approved Measure T authorizing the issuance of \$52,985,000 in general obligation bonds. Of the amounts authorized under Measure T, \$37,155,000 remains unissued.

General obligation bonds at June 30, 2021 consisted of the following:

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>
1997 Election, Series D	02/01/05	3.00-4.25%	08/01/29	\$ 24,619,362
1997 Election, Series E	11/15/07	4.00-5.00%	08/01/32	33,952,740
1997 Election, Series F	06/28/11	2.00-10.90%	08/01/50	17,599,623
1997 Election, Series G	05/31/12	5.45-12.00%	08/01/41	28,990,884
2012 Refunding Bonds	06/27/12	0.50-5.00%	08/01/29	29,860,000
2015 Refunding Bonds	06/03/15	2.00-5.43%	08/01/48	45,643,442
2020 Series A, Measure U	09/03/20	3.00-4.00%	08/01/45	20,000,000
2020 Series A, Measure T	09/03/20	0.37-2.97%	08/01/45	15,830,000
Total GO Bonds				<u>\$ 216,496,051</u>

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

	Beginning Balance	Increases	Decreases	Ending Balance
1997 Election, Series D				
Principal	\$ 13,425,362	\$ -	\$ 1,034,822	\$ 12,390,540
Premium	196,250	-	19,625	176,625
Accreted Interest	15,558,790	1,475,848	1,140,179	15,894,459
1997 Election, Series E				
Principal	14,137,741	-	-	14,137,741
Premium	152,666	-	-	152,666
Accreted Interest	12,265,089	1,392,184	-	13,657,273
1997 Election, Series F				
Principal	580,702	-	-	580,702
Premium	75,294	-	-	75,294
Accreted Interest	864,893	161,849	-	1,026,742
1997 Election, Series G				
Principal	28,990,884	-	-	28,990,884
Premium	676,917	-	30,770	646,147
Accreted Interest	15,621,787	2,586,737	-	18,208,524
2012 Refunding Bonds				
Principal	15,650,000	-	2,185,000	13,465,000
Premium	1,037,480	-	103,748	933,732
2015 Refunding Bonds				
Principal	43,088,442	-	1,375,000	41,713,442
Premium	1,267,758	-	40,456	1,227,302
Accreted Interest	9,735,097	2,244,375	-	11,979,472
2020 Series A, Measure U				
Principal	-	20,000,000	-	20,000,000
Premium	-	2,454,509	-	2,454,509
2020 Series A, Measure T				
Principal	-	15,830,000	-	15,830,000
Total GO Bonds	<u>\$ 173,325,152</u>	<u>\$ 46,145,502</u>	<u>\$ 5,929,600</u>	<u>\$ 213,541,054</u>

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

The annual requirements to amortize the bonds outstanding at June 30, 2021 are as follows:

Year Ended June 30,	Principal	Interest	Accreted Interest	Total
2022	\$ 7,602,218	\$ 1,978,920	\$ 1,292,782	\$ 10,873,920
2023	7,740,024	1,822,867	1,804,976	11,367,867
2024	6,028,132	1,625,783	1,996,868	9,650,783
2025	5,706,776	1,426,932	2,283,224	9,416,932
2026	6,216,793	1,237,424	2,418,207	9,872,424
2027-2031	21,644,392	4,992,448	31,080,608	57,717,448
2032-2036	22,006,453	4,216,382	42,113,547	68,336,382
2037-2041	25,520,460	2,775,255	57,709,540	86,005,255
2042-2046	31,389,728	977,887	80,575,272	112,942,887
2047-2051	13,253,333	-	60,516,667	73,770,000
Total	<u>\$ 147,108,309</u>	<u>\$ 21,053,898</u>	<u>\$ 281,791,691</u>	<u>\$ 449,953,898</u>

Amounts represented in the repayment schedule for accreted interest are reflective of 100% of amounts to be repaid. Amounts represented as accreted interest in the debt summary are reflective of amounts that have accrued as of June 30, 2021.

Accreted interest is the process of systematically increasing the carrying amount of capital appreciation bonds to their estimated value at the maturity date of the bond. The District imputes the effective interest rate, using the present value, the face value, and the period of the bond and multiplies the effective interest rate by the book value of the debt at the end of the period.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

Premium

Bond premium arises when the market rate of interest is higher than the stated interest rate on the bond. Generally Accepted Accounting Principles (GAAP) require that the premium increase the face value of the bond and then amortize the premium over the life of the bond.

Effective interest on general obligation bonds issued at a premium are as follows:

	1997 Series D	1997 Series E	1997 Series F	1997 Series G
Total Interest Payments on Bonds	\$ 30,814,643	\$ 43,043,707	\$ 213,389,044	\$ 88,034,116
Less Bond Premium	(594,306)	(723,738)	(1,090,083)	(925,828)
Net Interest Payments	<u>\$ 30,220,337</u>	<u>\$ 42,319,969</u>	<u>\$ 212,298,961</u>	<u>\$ 87,108,288</u>
Par Amount of Bonds	24,619,362	33,952,740	17,599,623	28,990,884
Periods	25	25	39	30
Effective Interest Rate	4.91%	4.99%	30.93%	10.02%
	2012 Refunding Bonds	2015 Refunding Bonds	2020 Series A, Measure U	2020 Series A, Measure T
Total Interest Payments on Bonds	\$ 9,538,616	\$ 128,956,075	\$ 11,487,125	\$ 6,228,183
Less Bond Premium	(1,867,466)	(1,342,933)	(2,454,509)	-
Net Interest Payments	<u>\$ 7,671,150</u>	<u>\$ 127,613,142</u>	<u>\$ 9,032,616</u>	<u>\$ 6,228,183</u>
Par Amount of Bonds	29,860,000	45,643,442	20,000,000	15,830,000
Periods	18	34	25	25
Effective Interest Rate	1.43%	8.22%	1.81%	1.57%

3. Certificates of Participation

The District's certificates of participation (COPs) consist of various issues of COPs that are generally callable with interest payable semiannually. COPs proceeds pay primarily for acquiring or constructing capital facilities. The District repays COPs from the debt service fund for component units. The debt is secured by facilities owned by the District.

Certificates of participation issued by the District as of June 30, 2021 consisted of the following:

	Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue
2012 COPs	01/31/12	2.00-6.20%	09/01/41	\$ 10,409,715
2015 Refund COPS	08/18/15	1.75-5.00%	09/01/34	21,585,000
2016 Refund COPS	09/29/16	2.00-4.00%	09/01/35	6,505,000
2017 COPS	08/02/17	5.00%	09/01/47	14,000,000
2021 COPS	04/08/21	2.00-4.00%	09/01/50	16,455,000
Total COPs				<u>\$ 68,954,715</u>

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

	Beginning Balance	Increases	Decreases	Ending Balance
2012 COPS				
Principal	\$ 9,904,715	\$ -	\$ 9,904,715	\$ -
Discount	(28,468)	-	(28,468)	-
Accreted Interest	593,295	-	593,295	-
2015 Refund COPS				
Principal	16,755,000	-	1,055,000	15,700,000
Premium	1,210,012	-	76,190	1,133,822
2016 Refund COPS				
Principal	6,185,000	-	160,000	6,025,000
Premium	672,859	-	17,406	655,453
2017 COPS				
Principal	14,000,000	-	14,000,000	-
Premium	1,204,201	-	1,204,201	-
2021 COPS				
Principal	-	16,455,000	-	16,455,000
Premium	-	797,602	-	797,602
Total COPS	<u>\$ 50,496,614</u>	<u>\$ 17,252,602</u>	<u>\$ 26,982,339</u>	<u>\$ 40,766,877</u>

The annual requirements to amortize the certificates of participation at June 30, 2021 are as follows:

Year Ended June 30,	Principal	Interest	Total
2022	\$ 1,950,000	\$ 1,290,875	\$ 3,240,875
2023	1,740,000	1,329,544	3,069,544
2024	1,835,000	1,269,492	3,104,492
2025	1,835,000	1,186,742	3,021,742
2026	1,740,000	1,104,092	2,844,092
2027-2031	10,170,000	4,282,026	14,452,026
2032-2036	10,185,000	1,977,988	12,162,988
2037-2041	4,540,000	724,919	5,264,919
2042-2046	2,540,000	344,359	2,884,359
2047-2051	1,645,000	66,797	1,711,797
Total	<u>\$ 38,180,000</u>	<u>\$ 13,576,834</u>	<u>\$ 51,756,834</u>

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

Premium

COPs premium arises when the market rate of interest is higher than the stated interest rate on the certificates. Generally Accepted Accounting Principles (GAAP) require that the premium increase the face value of the certificates and then amortize the premium over the life of the certificates.

Effective interest on certificates of participation issued at a premium are as follows:

	2015 COPS	2016 COPS	2017 COPS	2021 COPS
Total Interest Payments	\$ 9,324,060	\$ 3,376,150	\$ 16,255,361	\$ 6,060,569
Less COPS Premium	(1,558,824)	(707,671)	(1,333,885)	(797,602)
Net Interest Payments	<u>\$ 7,765,236</u>	<u>\$ 2,668,479</u>	<u>\$ 14,921,476</u>	<u>\$ 5,262,967</u>
Par Amount of COPs	21,585,000	6,505,000	14,000,000	16,455,000
Periods	20	21	30	30
Effective Interest Rate	1.80%	1.95%	3.55%	1.07%

4. Capital Leases

During the 2016-17 fiscal year the District entered into a capital lease agreement with PNC Equipment Finance to fund energy projects for \$1,988,254. The funds were deposited into an escrow account to be restricted specifically for approved energy project expenditures. The lease is payable in semi-annual installments over ten years commencing December 2017. The lease bears a fixed interest rate of 3.243%. The district repaid the capital lease in full during the 2020-21 fiscal year.

5. QZAB Bonds

On October 14, 2005, the District issued \$5,000,000 in Qualified Zone Academy Bonds (QZABs) to provide funds to finance certain capital improvements, equipment and other educational development programs of the District. The District is required to make a scheduled deposit of \$253,630 each year through the maturity date of October 27, 2021. Accumulated interest earned on the account provides the additional funding required to pay the bonds in full upon maturity. The escrow account accrues interest at a fixed rate of 5.51%. As of June 30, 2021 the escrow account carried an accrued balance of \$4,492,740. The District does not have a legal right to claim cash in the escrow account and is not obligated to make payments in excess of the scheduled deposit amounts.

QZAB Bonds as of June 30, 2021 consisted of:

	Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue
QZAB Bonds	10/14/05	N/A	10/27/21	\$ 5,000,000

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

	Beginning Balance	Increases	Decreases	Ending Balance
QZAB Bonds	<u>\$ 507,260</u>	<u>\$ -</u>	<u>\$ 253,630</u>	<u>\$ 253,630</u>

The annual requirements to amortize the QZAB bonds are as follows:

Year Ended June 30,	Schedule Deposits	Interest	Total
2022	<u>\$ 253,630</u>	<u>\$ -</u>	<u>\$ 253,630</u>
Totals	<u>\$ 253,630</u>	<u>\$ -</u>	<u>\$ 253,630</u>

6. Principal Apportionment Repayment Plan

In October 2019, the California Department of Education approved the request for a repayment plan to resolve the impact of an overstatement of principal apportionment for the 2015-16 year. The District and the California Department of Education agreed on the liability of \$1,767,952 to be repaid in annual installments of \$441,988 through 2022.

In October 2019, the California Department of Education approved the request for a repayment plan to resolve the impact and overstatement of principal apportionment for the 2016-17 fiscal year as a result of the overstated attendance finding which was documented in the 2015-16 audit report. After legal involvement and review, the District and the California Department of Education have agreed on the liability of \$2,163,117 to be repaid in eight annual installments consisting of seven annual installments of \$270,390 each with a final installment of \$270,387.

Annual installments will be withheld from principal apportionment paid to the District each year, beginning with the 2019-20 First Principal Apportionment until the full liability is satisfied. Interest on the outstanding balance of the repayment will be calculated at the rate earned on the state's short term pooled money investment account. Any interest accrued during the year will be calculated and withheld from the Second Principal Apportionment, beginning in 2020-21 until all interest charges are satisfied.

The repayment plan for the liability is as follows:

Year Ended June 30,	2015-16 Apportionment Repayments	2016-17 Apportionment Repayments	Total
2022	<u>\$ 441,988</u>	<u>\$ 270,390</u>	<u>\$ 712,378</u>
2023	<u>-</u>	<u>270,390</u>	<u>270,390</u>
2024	<u>-</u>	<u>270,390</u>	<u>270,390</u>
2025	<u>-</u>	<u>270,390</u>	<u>270,390</u>
2026	<u>-</u>	<u>270,390</u>	<u>270,390</u>
2027-2031	<u>-</u>	<u>270,387</u>	<u>270,387</u>
Totals	<u>\$ 441,988</u>	<u>\$ 1,622,337</u>	<u>\$ 2,064,325</u>

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

7. Debt Refunding

On September 3, 2020, the District issued Measure T general obligation bonds which were utilized to pre-pay the remaining calls for the 2017 Certificates of Participation. The refunding of the 2017 COPs resulted in an accounting loss on refunding and an economic gain on refunding.

On April 29, 2021, the District issued 2021 Certificates of Participation which were utilized to pre-pay remaining calls for 2012 Certificates of Participation. The refunding of the 2012 COPs resulted in an accounting loss on refunding with an economic gain on refunding.

Calculation of Gain/(Loss) on Refunding

	2012 COP Prepayment	2017 COP Prepayment
Net Carrying Amount of Debt		
PAR Amount of Refunded Bonds	\$ 9,794,715	\$ 14,000,000
Unmatured Premium/Discount - Refunded Debt	(28,468)	1,204,201
Total Maturity Value of Refunded Debt	<u>9,766,247</u>	<u>15,204,201</u>
Reacquisition Price		
PAR Amount of New Debt	10,940,000	15,830,000
Premium for New Debt	<u>270,130</u>	<u>-</u>
Total Reacquisition Price	<u>11,210,130</u>	<u>15,830,000</u>
Gain/(Loss) on Refunding	<u>\$ (1,443,883)</u>	<u>\$ (625,799)</u>

Calculation of Economic Gain/(Loss)

	2012 COP Prepayment	2017 COP Prepayment
Prior Debt Service Payments	\$ 18,171,153	\$ 28,141,750
New Debt Service Payments	<u>15,338,200</u>	<u>25,148,337</u>
Debt Service Savings	2,832,953	2,993,413
Discount to present value	45,974	(2,364,637)
Less: Prior Funds on Hand	<u>(637)</u>	<u>-</u>
Economic Gain (Loss) on Refunding	<u>\$ 2,878,290</u>	<u>\$ 628,776</u>

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

8. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2021 amounted to \$864,561. This amount is included as part of long-term liabilities in the government-wide financial statements.

9. Net Pension Liability

The District's beginning net pension liability was \$63,801,611 and decreased by \$3,122,068 during the year ended June 30, 2021 for a ending net pension liability of \$60,679,543. See Note M for additional information regarding the net pension liability.

10. Total OPEB Liability

The District's beginning total OPEB liability was \$17,019,214 and increased by \$1,172,627 during the year ended June 30, 2021 for a ending total OPEB liability of \$17,019,214. See Note N for additional information regarding the total OPEB liability.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

M. Pension Plans

1. General Information about the Pension Plans

a. Plan Descriptions

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. CalSTRS and CalPERS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites.

b. Benefits Paid

CalSTRS and CalPERS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at 62 for normal benefits or at age 55 with statutorily reduced benefits. Employees hired prior to January 1, 2013 are eligible to retire at age 60 for normal benefits or at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. All members are eligible for death benefits after one year of total service.

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

	CalSTRS	
	Before Jan. 1, 2013	After Jan. 1, 2013
Hire Date		
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55-60	55-62
Monthly Benefits as a % of Eligible Compensation	1.1 - 2.4%	1.0 - 2.4%*
Required Employee Contribution Rates (2020-21)	10.250%	10.205%
Required Employer Contribution Rates (2020-21)	16.150%	16.150%
Required State Contribution Rates (2020-21)	10.328%	10.328%

*Amounts are limited to 120% of Social Security Wage Base.

**The contribution rate for CalSTRS 2% at 62 members is based, in part, on the normal cost of benefits and may increase or decrease in future years.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

	CalPERS	
	Before Jan. 1, 2013	After Jan. 1, 2013
Hire Date		
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	50-62	52-67
Monthly Benefits as a % of Eligible Compensation	1.1 - 2.5%	1.0 - 2.5%*
Required Employee Contribution Rates (2020-21)	7.000%	7.000%
Required State Contribution Rates (2020-21)	20.700%	20.700%

*Amounts are limited to 120% of Social Security Wage Base

c. Contributions

CalSTRS

For the fiscal year ended June 30, 2021, California Education Code §22950 requires members to contribute monthly to the system 10.205% (if hired on or after January 1, 2013) or 10.25% (if hired before January 1, 2013) of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS board have been established at 16.15% of creditable compensation for the fiscal year ended June 30, 2021. Rates are defined in Education Code §22950.5 through the fiscal year ending June 30, 2021. Beginning in the fiscal year ending on June 30, 2022, and for each fiscal year thereafter, the CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary. Those adjustments are limited to 1% annually, not to exceed 20.25% of creditable compensation. For 2020-21, the employer rate reflects a 2.95% reduction from the rate that was originally required in the funding plan.

CalPERS

California Public Employees' Retirement Law §20814(c) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. For the fiscal year ended June 30, 2021, the employee contribution rate was 7.00% and the employer contribution rate was 20.700% of covered payroll. For 2020-21, the employer rate reflects a 1.98% reduction from the rate originally adopted by the board on April 21, 2020, due to an amendment of Government Code §20825.2.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

On Behalf Payments

Consistent with California Education Code §22955.1, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the fiscal year ended June 30, 2021 the State contributed 10.328% of salaries creditable to CalSTRS. Consistent with the requirements of generally accepted accounting principles, the District has recorded these contributions as revenue and expense in the fund financial statements (current financial resources measurement focus). The government-wide financial statements have recorded revenue and expense for pension expense paid on behalf of the District (economic resources measurement focus). Contributions reported for on behalf payments are based on the District's proportionate share of the State's contribution for the fiscal year. Contributions made by the state on behalf of the District and the State's pension expense associated with District employees for the past three fiscal years are as follows:

CalSTRS			
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2019	9.828%	\$ 3,623,300	\$ (714,281)
2020	10.328%	2,459,957	777,619
2021	10.328%	2,718,401	1,770,438

CalPERS			
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2019	N/A	\$ 896,186	N/A

The contributions made by the State during the fiscal year ended June 30, 2019, included amounts resulting from Senate Bill (SB) 90 settlement in which the State contributed an additional \$2.2 Billion to CalSTRS and \$904 Million to CalPERS during the 2018-19 fiscal year in order to reduce employer contribution rates in 2019-20 and 2020-21. In addition, the State contributed an additional \$1.1 Billion to CalSTRS during the 2019-20 fiscal year and \$297 Million to CalSTRS during the 2020-21 fiscal year as a continuing settlement associated with SB90.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

d. Contributions Recognized

For the fiscal year ended June 30, 2021 (measurement period June 30, 2020), the contributions recognized for each plan were:

	Governmental Fund Financial Statements (Current Financial Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 3,725,260	\$ 2,255,603	\$ 5,980,863
Contributions - State On Behalf Payments	2,718,401	-	2,718,401
Total Governmental Funds	<u>\$ 6,443,661</u>	<u>\$ 2,255,603</u>	<u>\$ 8,699,264</u>

	Government-Wide Financial Statements (Economic Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 4,072,934	\$ 2,126,019	\$ 6,198,953
Contributions - State On Behalf Payments	-	-	-
Total Government-Wide	<u>\$ 4,072,934</u>	<u>\$ 2,126,019</u>	<u>\$ 6,198,953</u>

2. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2020 (measurement date) the District reported net pension liabilities for its proportionate share of the net pension liability of each plan as follows:

	Proportionate Share of the Net Pension Liability		
	CalSTRS	CalPERS	Total
Governmental Activities	<u>\$ 37,856,551</u>	<u>\$ 22,822,992</u>	<u>\$ 60,679,543</u>

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

The District's net pension liability for each Plan is measured as the proportionate share of the total net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2020. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to measurement date June 30, 2020 using standard update procedures. 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 plans relative to the projected contributions of all participating employers, as actuarially determined.

The District's proportionate share of the net pension liability for each Plan as of June 30, 2020 and June 30, 2021 were as follows:

	CalSTRS			CalPERS
	District's Proportionate Share	State's Proportionate Share*	Total For District Employees	District's Proportionate Share
<u>Governmental Activities</u>				
Proportion June 30, 2020	0.0456%	0.0241%	0.0697%	0.0777%
Proportion June 30, 2021	0.0391%	0.0278%	0.0669%	0.0744%
Change in Proportion	-0.0065%	0.0037%	-0.0028%	-0.0033%

*Represents State's Proportionate Share on behalf of District employees.

a. Pension Expense

	Governmental Activities		
	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	\$ (3,300,268)	\$ 178,200	\$ (3,122,068)
State On Behalf Pension Expense	1,770,438	-	1,770,438
Employer Contributions to Pension Expense	3,725,260	2,255,603	5,980,863
Change in Contributions Subsequent to Measurement Date	347,674	(129,584)	218,090
Change in Other Deferred Outflows/Inflows of Resources	2,824,174	2,849,217	5,673,391
Total Pension Expense - Governmental	\$ 5,367,278	\$ 5,153,436	\$ 10,520,714

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

b. Deferred Outflows and Inflows of Resources

At June 30, 2021, The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	CalSTRS	CalPERS	Total
<u>Governmental Activities</u>			
Pension contributions subsequent to measurement date	\$ 3,725,260	\$ 2,255,603	\$ 5,980,863
Differences between actual and expected experience	62,075	1,283,170	1,345,245
Changes in assumptions	2,935,949	106,801	3,042,750
Changes in employer's proportionate share	1,335,020	767,501	2,102,521
Net difference between projected and actual earnings	762,619	470,885	1,233,504
Total Deferred Outflows of Resources	<u>\$ 8,820,923</u>	<u>\$ 4,883,960</u>	<u>\$ 13,704,883</u>
	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
<u>Governmental Activities</u>			
Differences between actual and expected experience	\$ 947,596	\$ -	\$ 947,596
Changes in employer's proportionate share	4,700,127	997,428	5,697,555
Total Deferred Inflows of Resources	<u>\$ 5,647,723</u>	<u>\$ 997,428</u>	<u>\$ 6,645,151</u>

Pension contributions made subsequent to the measurement date reported as deferred outflows of resources will be recognized as a portion of pension expense in the year ended June 30, 2022. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a five-year period. Pension expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

Year Ended June 30,	Governmental Activities				
	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect on Expenses
	CalSTRS	CalPERS	CalSTRS	CalPERS	
2022	\$ 4,715,519	\$ 3,495,442	\$ (1,355,582)	\$ (268,048)	\$ 6,587,331
2023	1,652,655	773,324	(1,355,231)	(268,048)	802,700
2024	1,750,222	388,321	(1,354,596)	(268,049)	515,898
2025	587,678	226,873	(1,354,596)	(193,283)	(733,328)
2026	57,424	-	(173,978)	-	(116,554)
Thereafter	57,425	-	(53,740)	-	3,685
Total	<u>\$ 8,820,923</u>	<u>\$ 4,883,960</u>	<u>\$ (5,647,723)</u>	<u>\$ (997,428)</u>	<u>\$ 7,059,732</u>

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

c. Actuarial Assumptions

Total pension liabilities for the fiscal year ended June 30, 2021, were based on actuarial valuations determined using the following actuarial assumptions:

	CalSTRS	CalPERS
Fiscal Year	June 30, 2021	June 30, 2021
Measurement Date	June 30, 2020	June 30, 2020
Valuation Date	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Experience Study Period	2015 - 2018	1997 - 2015
Actuarial Assumptions:		
Discount Rate	7.10%	7.15%
Inflation	2.75%	2.50%
Wage Growth	3.50%	(3)
Investment Rate of Return	7.10%	7.15%
Post Retirement Benefit Increase	(1)	(4)
Mortality	(2)	(5)

- (1) CalSTRS post-retirement benefit increases assumed at 2% simple (annually) maintaining 85% purchasing power level.
- (2) CalSTRS base mortality tables are custom tables derived to best fit the patterns of mortality among CalSTRS members. The projection scale was set to equal 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.
- (3) Varies by entry age and service.
- (4) CalPERS post retirement benefit increases assumes 2.00% until PPPA floor on purchasing power applies, 2.50% thereafter.
- (5) CalPERS mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the Society of Actuaries 90% of scale MP-2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

a. Discount Rate

The discount rate used to measure the total pension liability was 7.10% for CalSTRS and 7.15% for CalPERS. The projection of cash flows used to determine the discount rates assumed the contributions from the plan members, employers, and state contributing agencies (where applicable) will be made at statutory contribution rates. To determine whether the District bond rate should be used in the calculation of a discount rate for each plan, CalSTRS and CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate, and the use of the discount bond rate calculations is not necessary for either plan. The stress test results are presented in detailed reports that can be obtained from CalPERS and CalSTRS respective websites.

The CalPERS discount rate was increased from 7.50% to 7.65% at measurement date June 30, 2015 (Fiscal year June 30, 2016) to correct for an adjustment to exclude administrative expenses. Subsequently CalPERS discount rate was decreased from 7.65% to 7.15% at measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from actuarially determined amounts.

The CalSTRS discount rate was adjusted from 7.60% to 7.10% for measurement date June 30, 2017 (Fiscal year June 30, 2018) to adjust for changes resulting from a new actuarial experience study.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The investment return assumption used in the accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalSTRS and CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalSTRS and CalPERS are scheduled to review actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle. CalSTRS completed their ALM November 2019 with new policies in effect on July 1, 2021. CalPERS completed their ALM in 2018 with new policies in effect on July 1, 2018. Both CalSTRS and CalPERS conduct new ALM's every 4 years.

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.

In determining the long-term expected rate of return, CalSTRS and 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 10 years) and long-term (11-60 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 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

The tables below reflect the long-term expected real rate of return by asset class. The rate of return was calculated using capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

CalSTRS		
Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Public Equity	42.00%	4.80%
Real Estate	15.00%	3.60%
Private Equity	13.00%	6.30%
Fixed Income	12.00%	1.30%
Risk Mitigating Strategies	10.00%	1.80%
Inflation Sensitive	6.00%	3.30%
Cash/Liquidity	2.00%	-0.40%
*20 year average		

CalPERS			
Asset Class⁽¹⁾	Assumed Asset Allocation	Real Return Years 1 - 10⁽²⁾	Real Return Years 11+⁽³⁾
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

(1) In the basic financial statements, fixed income is included in global debt securities; liquidity is included in short term investments; inflation assets are included in both global equity securities and global debt securities.

(2) An expected inflation of 2.00% is used for this period.

(3) An expected inflation of 2.92% is used for this period

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

b. Sensitivity to Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>CalSTRS</u>	<u>CalPERS</u>
1% Decrease	6.10%	6.15%
Net Pension Liability	\$ 57,195,975	\$ 32,812,213
Current Discount Rate	7.10%	7.15%
Net Pension Liability	\$ 37,856,551	\$ 22,822,992
1% Increase	8.10%	8.15%
Net Pension Liability	\$ 21,889,133	\$ 14,532,440

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

3. Total Pension Liability, Pension Plan Fiduciary Net Position and Net Pension Liability

CalSTRS

	Increase (Decrease)				
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	State's Share of Net Pension Liability	District's Share of Net Pension Liability
	(a)	(b)	(a) - (b)	(c)	(a) - (b) - (c)
Balance at June 30, 2020					
(Previously Reported)	<u>\$ 229,474,300</u>	<u>\$ 166,513,011</u>	<u>\$ 62,961,289</u>	<u>\$ 21,804,471</u>	<u>\$ 41,156,818</u>
Changes for the year					
CalSTRS auditor adjustment	(1,337)	-	(1,337)	(555)	(782)
Change in proportionate share	(9,473,092)	(6,873,942)	(2,599,150)	3,276,009	(5,875,159)
Service cost	4,905,558	-	4,905,558	2,038,260	2,867,298
Interest	15,594,861	-	15,594,861	6,479,668	9,115,193
Difference between expected and actual experience	(643,604)	-	(643,604)	(267,417)	(376,187)
Change in assumptions	687,714	-	687,714	285,745	401,969
Change in benefits	-	-	-	-	-
Contributions:					
Employer	-	4,063,499	(4,063,499)	(1,688,385)	(2,375,114)
Employee	-	2,496,248	(2,496,248)	(1,037,192)	(1,459,056)
State on oehalf	-	2,971,963	(2,971,963)	(1,234,851)	(1,737,112)
Net investment income	-	6,752,211	(6,752,211)	(2,805,545)	(3,946,666)
Other income	-	67,784	(67,784)	(28,164)	(39,620)
Benefit payments ⁽¹⁾	(10,709,806)	(10,709,806)	-	-	-
Administrative expenses	-	(146,277)	146,277	60,778	85,499
Borrowing costs	-	(63,284)	63,284	26,294	36,990
Other expenses	-	(4,243)	4,243	1,763	2,480
Net changes	<u>360,294</u>	<u>(1,445,847)</u>	<u>1,806,141</u>	<u>5,106,408</u>	<u>(3,300,267)</u>
Balance at June 30, 2021	<u><u>\$ 229,834,594</u></u>	<u><u>\$ 165,067,164</u></u>	<u><u>\$ 64,767,430</u></u>	<u><u>\$ 26,910,879</u></u>	<u><u>\$ 37,856,551</u></u>

(1) – Includes refunds of employee contributions

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

CalPERS

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2020			
(Previously Reported)	\$ 75,601,898	\$ 52,957,106	\$ 22,644,792
Changes for the year			
Change in proportionate share	(3,226,501)	(2,260,078)	(966,423)
Service cost	1,712,949	-	1,712,949
Interest	5,135,922	-	5,135,922
Difference between expected and actual experience	336,554	-	336,554
Change in assumptions	-	-	-
Change in benefits	-	-	-
Contributions:			
Employer	-	2,131,924	(2,131,924)
Employee	-	779,521	(779,521)
Nonemployer	-	672,422	(672,422)
Net plan to plan resource movement	-	122	(122)
Net investment income	-	2,527,932	(2,527,932)
Benefit payments ⁽¹⁾	(3,474,695)	(3,474,695)	-
Administrative expenses	-	(71,119)	71,119
Other expenses	-	-	-
Net changes	484,229	306,029	178,200
Balance at June 30, 2021	\$ 76,086,127	\$ 53,263,135	\$ 22,822,992

(1) – Includes refunds of employee contributions

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalSTRS and CalPERS financial reports available on their respective websites.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

N. Postemployment Benefits Other than Pension Benefits (OPEB)

1. Plan Description

The District's defined benefit OPEB plan, San Ysidro School District Retiree Health Care Plan (the Plan) provides OPEB for retirees that meet eligibility requirements until age 65. Retirees in the plan are eligible for the same medical plans as active employees. The Plan is a single employer defined benefit OPEB plan administered by the District. Authority to establish and amend the benefit terms and financing requirements lie with the Districts governing board.

2. Benefits Provided

The following is a summary of the current retiree benefit plan:

Certificated Employees

The District provides retiree medical coverage for retirees only until the last day of the month in which the retiree attains age 65. Retirees pay 100% of the cost of any spouse and dependent coverage. Spouse and dependent coverage (except for COBRA) ceases upon the death of the retiree. The District does not provide any financial contribution to retiree medical coverage beyond age 65. Eligibility for retiree health coverage requires retirement on or after age 55 with at least 15 years of service with the District. The retiree pays 100% of the cost of coverage to continue dental, vision, and life benefits.

Classified Employees

The District provides retiree medical coverage for retirees only until the last day of the month in which the retiree attains age 65. The District will pay 50% of the cost of coverage if the retiree has 15 years of service retirement. The 50% amount increases by 10% for each additional year of service up to 100%. The retiree pays 100% of the cost of any spouse or dependent coverage. Spouse and dependent coverage (except for COBRA) ceases upon the death of the retiree. The District does not provide any financial contribution for retiree medical coverage beyond age 65. Eligibility for retiree health coverage requires retirement on or after age 55 with at least 15 years of service with the District. The retiree pays 100% of the cost of coverage to continue dental, vision, and life benefits.

Management, Confidential and Supervisory Employees

The District provides retiree medical coverage for retirees only until the last day of the month in which the retiree attains age 65. Retirees pay 100% of the cost of any spouse and dependent coverage. Spouse and dependent coverage (except for COBRA) ceases upon the death of the retiree. The District does not provide any financial contribution for retiree medical coverage beyond age 65. Eligibility for retiree health coverage requires retirement on or after age 55 with at least 15 years of service with the District. The retiree pays 100% of the cost of coverage to continue dental, vision, and life benefits.

Former Board Members

Former board members may continue health benefits at retirement on a self-pay basis. Former board members first elected to the governing board prior to January 1, 1995 and serving at least 12 years may receive a District contribution for retiree only coverage.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

3. Contributions

The contribution requirements of Plan members and the San Ysidro School District are established and may be amended by the San Ysidro School District through negotiations with bargaining units. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

4. Plan Membership

Membership of the plan consisted of the following as of the June 30, 2019 valuation date, measured as of June 30, 2021 for fiscal year June 30, 2021:

Inactive plan members or beneficiaries currently receiving benefits	35
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>466</u>
	<u>501</u>

5. Total OPEB Liability

The San Ysidro School District's total OPEB liability of \$18,191,841 was measured as of July 1, 2020 and was determined by an actuarial valuation as of July 1, 2019.

6. Actuarial Assumptions and Other Inputs

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

Economic assumptions:

Inflation	2.75% per annum
Salary increases	3.00% per annum, in aggregate
Discount rate	2.66%
Healthcare cost trend rates	6.00% decreasing to 4.50%
Retiree's Share of Costs	0.00%

Non-economic assumptions:

Mortality

Certificated	Most recent CalSTRS mortality tables
Classified	Most recent CalPERS mortality tables

Termination Rates:

Certificated	Most recent CalSTRS termination rates
Classified	Most Recent CalPERS termination rates

The discount rate used is based on the Bond Buyer 20 Bond Index.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

7. Changes in Total OPEB Liability

	Total OPEB Liability
Service cost	\$ 801,272
Interest	554,220
Experience (Gains)/Losses	(431,806)
Changes of assumptions	704,854
Benefit Payments	(455,913)
Other	-
Net change in Total OPEB Liability	1,172,627
Total OPEB Liability - Beginning	17,019,214
Total OPEB Liability - Ending	<u>\$ 18,191,841</u>

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

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

	1% Decrease (1.66%)	Valuation Discount Rate (2.66%)	1% Increase (3.66%)
Total OPEB Liability	\$ 19,701,707	\$ 18,191,841	\$ 16,778,986

9. Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rate

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

	1% Decrease (5.00% decreasing to 3.50%)	Healthcare Trend Rate (6.00% decreasing to 4.50%)	1% Increase (7.00% decreasing to 5.50%)
Total OPEB Liability	\$ 16,143,281	\$ 18,191,841	\$ 20,575,849

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

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

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$1,498,355. At June 30, 2021 the District reported the following Deferred Outflows and Deferred Inflows of Resources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 443,723	\$ (383,828)
Changes of assumptions and other inputs	1,085,720	(82,306)
Contributions subsequent to the measurement date	<u>588,470</u>	<u>-</u>
Total	<u><u>\$ 2,117,913</u></u>	<u><u>\$ (466,134)</u></u>

Amounts reported as deferred outflows and deferred inflows of resources will be recognized as an increase or decrease to OPEB expense over five to eight year periods. OPEB expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Effect on OPEB Expense</u>
2022	\$ 795,773	\$ (64,440)	\$ 731,333
2023	207,303	(64,440)	142,863
2024	207,303	(64,440)	142,863
2025	207,303	(64,440)	142,863
2026	207,303	(64,440)	142,863
Thereafter	<u>492,928</u>	<u>(143,934)</u>	<u>348,994</u>
Total	<u><u>\$ 2,117,913</u></u>	<u><u>\$ (466,134)</u></u>	<u><u>\$ 1,651,779</u></u>

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

O. Risk Management

The District is exposed to risk of losses due to:

- Torts,
- Theft of, damage to, or destruction of assets,
- Business interruption,
- Errors or omissions,
- Job related illness or injuries to employees,
- Natural disasters,
- Other risks associated with public entity risk pools

Risk management is the process of managing the District's activities to minimize the adverse effects of these risks. The main element of risk management are risk control (to minimize the losses that strike an organization) and risk financing (to obtain finances to provide for or restore the economic damages of those losses). Risk financing techniques include risk retention, risk transfer to and from an insurer, and risk transfer to a non-insurer.

The District has implemented the risk financing technique of risk transfer to an insurer. The District has purchased property & liability insurance as well as workers compensation insurance to cover any losses resulting from the risks identified above.

There have been no significant changes in property and liability or workers compensation coverage during the current fiscal year.

P. Adjustment to Beginning Balance

As a result of the implementation of GASB Statement No. 84 and a correction to understatement of principal apportionments due, the District adjusted beginning fund balance/net position as follows:

	Government- Wide Financial Statements	Associated Student Body Fund
Beginning Net Position/Fund Balance as Reported in June 30, 2020 Audit Report	\$ (125,764,500)	\$ -
Adjustments to Beginning Balance		
Inclusion of Associated Student Body Funds as governmental under GASB 84	64,331	64,331
Correction to Apportionment Payments Outstanding	(883,976)	-
Beginning Net Position/Fund Balance as Restated	<u>\$ (126,584,145)</u>	<u>\$ 64,331</u>

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

Q. Participation in Joint Powers Authorities

The District is a member of two joint powers agreements (JPA) entities, the San Diego County Schools Risk Management (SDCSRM) and the San Diego County Schools Fringe Benefits Consortium (SDCSFBC), for the operation of a common risk management and insurance programs for property and liability coverage, workers compensation, and other employee benefits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year.

These entities have 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 entities and the District are included in these statements. Audited financial statements are available from the respective entities.

R. Commitments and Contingencies

1. State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

2. 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 as of June 30, 2021.

3. Construction Commitments

As of June 30, 2021, the District had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Commitment</u>	<u>Expected Date of Completion*</u>
La Mirada Elementary and Smythe Elementary Modernization	\$ 50,000	June 2022
Soccer Mini Pitch	20,000	June 2022
Long Range Master Facility Plan	60,000	June 2022

*Expected date of completion subject to change

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

S. Deferred Outflows of Resources

In accordance with GASB Statement No. 68 & 71, payments made subsequent to the pension plan measurement date and other items as outlined in the GASB pronouncement have been recorded as deferred outflows of resources.

In accordance with GASB Statement No. 75 certain items related to OPEB as identified in the GASB statement are recorded as deferred outflows of resources.

Refunding Bonds and COPs that resulted in a loss on refunding have recorded the loss as a deferred outflow of resources to be amortized over the life of the debt in accordance with GASB Statement No. 65.

Prepaid insurance on debt instruments has been recorded as a deferred outflow of resources to be amortized over the life of the debt in accordance with GASB Statement No 65.

A summary of the deferred outflows of resources as of June 30, 2021 is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
2012 Loss on Refunding Bond	\$ 1,247,480	\$ -	\$ 1,247,480	\$ -
2015 Loss on Refunding Bond	10,514,102	-	362,544	10,151,558
2015 Loss on Refunding COPs	864,810	-	57,654	807,156
2016 Loss on Refunding COPs	548,342	-	548,342	-
2021 Loss on Refunding - Measure T	-	1,174,141	-	1,174,141
2021 Loss on Refunding COPs	-	2,581,363	-	2,581,363
Prepaid Debt Insurance	825,552	-	108,735	716,817
OPEB related	1,272,560	845,353	-	2,117,913
Pension related				
CalSTRS	7,106,951	6,778,503	5,064,531	8,820,923
CalPERS	6,905,219	3,685,472	5,706,731	4,883,960
Total Deferred Outflows of Resources	<u>\$ 29,285,016</u>	<u>\$ 15,064,832</u>	<u>\$ 13,096,017</u>	<u>\$ 31,253,831</u>

Future amortization of deferred outflows is as follows:

Year Ending June 30,	Refunding Losses	Prepaid Debt Insurance	Pension Related	OPEB Related	Total
2022	\$ 553,000	\$ 108,735	\$ 8,210,961	\$ 795,773	\$ 9,668,469
2023	553,000	108,735	2,425,979	207,303	3,295,017
2024	553,000	108,735	2,138,543	207,303	3,007,581
2025	553,000	108,735	814,551	207,303	1,683,589
2026	553,000	108,735	57,424	207,303	926,462
Thereafter	11,949,219	173,142	57,424	492,928	12,672,713
Total	<u>\$ 14,714,219</u>	<u>\$ 716,817</u>	<u>\$ 13,704,882</u>	<u>\$ 2,117,913</u>	<u>\$ 31,253,831</u>

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

T. Deferred Inflows of Resources

In accordance with GASB Statement No. 68 & 71, items as outlined in the GASB statement have been recorded as deferred inflows of resources.

In accordance with GASB Statement No. 75 certain items related to OPEB as identified in the GASB statement are recorded as deferred inflows of resources.

A summary of the deferred inflows of resources as of June 30, 2021 is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
OPEB related	\$ 98,768	\$ 431,806	\$ 64,440	\$ 466,134
Pension related				
CalSTRS	761,903	6,251,345	1,365,525	5,647,723
CalPERS	299,054	966,423	268,049	997,428
Total Deferred Inflows of Resources	<u>\$ 1,159,725</u>	<u>\$ 7,649,574</u>	<u>\$ 1,698,014</u>	<u>\$ 7,111,285</u>

Future amortization of deferred inflows is as follows:

Year Ending June 30,	Pension Related	OPEB Related	Total
2022	\$ 1,623,630	\$ (64,440)	\$ 1,559,190
2023	1,623,279	(64,440)	1,558,839
2024	1,622,645	(64,440)	1,558,205
2025	1,547,879	(64,440)	1,483,439
2026	173,978	(64,440)	109,538
Thereafter	53,740	(143,934)	(90,194)
Total	<u>\$ 6,645,151</u>	<u>\$ (466,134)</u>	<u>\$ 6,179,017</u>

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

U. Upcoming Accounting Guidance

The Governmental Accounting Standards Board (GASB) issues pronouncements and additional guidance for governmental agencies to establish consistent accounting across all governments in the United States. The following table represents items that have been issued by GASB that will become effective in future periods:

Description	Date Issued	Fiscal Year Effective
GASB Statement 87, Leases	06/2017	2021-22
GASB Statement 89, Accounting for Interest Cost Incurred before the End of a Construction Period	06/2018	2021-22
GASB Statement 91, Conduit Debt Obligations	05/2019	2022-23
GASB Statement 92, Omnibus 2020	01/2020	2021-22
GASB Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements	03/2020	2022-23
GASB Statement 96, Subscription-Based Information Technology Arrangements	05/2020	2022-23
GASB Statement 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements 14, 84 and supersession of GASB Statement 32	06/2020	2021-22
GASB Statement 98, The Annual Comprehensive Financial Report	10/2021	2021-22
GASB Implementation Guide No. 2019-3, Leases	08/2019	2021-22
GASB Implementation Guide No. 2020-1, Implementation Guidance Update – 2020	04/2020	2021-22
GASB Implementation Guide No. 2021-1, Implementation Guidance Update – 2021	05/2021	2021-22 Thru 2023-24

The effects of the upcoming guidance and pronouncements on the District's financial statements has not yet been determined.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2021

V. COVID-19 Considerations

In March 2020 the World Health Organization declared the outbreak of the novel coronavirus COVID-19 a global pandemic. The nature of the pandemic resulted in a mandatory school property closure affecting the San Ysidro School District from March 16, 2020 and continuing into the Fall of the 2020-21 school year. California Governor Gavin Newsom issued a state-wide executive order mandating that schools remain closed until the county in which the school is located is off the COVID-19 watch list for fourteen consecutive days. The 2020-21 fiscal year opened in a fully distance learning model, until such time as campuses were re-opened.

In addition to school closures, new regulations and safety measures were required to be put in place by all schools in California as part of a re-opening plan. The San Ysidro School District established and followed a re-opening plan that they believe is providing a safe environment for the students and teachers.

The federal and state government have established temporary funding to assist in the additional costs that resulted from the COVID-19 pandemic. All California school districts are eligible for these funds. Some funding provided as a result of COVID-19 is intended to be spent over multiple years. The District has taken all of the requirements of each funding source into consideration in preparation of budgets for upcoming years.

Required Supplementary Information

San Ysidro School District

Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance to Final Budget Positive (Negative)
	Original	Final		
Revenues				
LCFF Sources				
State Apportionment	\$ 22,670,938	\$ 22,398,351	\$ 21,550,093	\$ (848,258)
Education Protection Account	842,274	1,031,038	1,034,521	3,483
Property Taxes	22,360,176	22,826,535	23,747,794	921,259
Federal Revenue	8,532,866	11,999,716	9,606,538	(2,393,178)
Other State Revenue	3,344,433	3,895,130	8,534,028	4,638,898
Interest Income	70,000	70,000	99,669	29,669
Other Local Revenue	3,312,256	3,517,255	3,670,778	153,523
Total Revenues	<u>61,132,943</u>	<u>65,738,025</u>	<u>68,243,421</u>	<u>2,505,396</u>
Expenditures				
Current Expenditures:				
Certificated Salaries	23,854,992	24,455,336	24,536,894	(81,558)
Classified Salaries	10,049,823	10,422,919	11,776,689	(1,353,770)
Employee Benefits	13,472,914	13,175,251	14,882,072	(1,706,821)
Books and Supplies	4,372,125	5,723,681	3,855,808	1,867,873
Services and Other Operating	7,636,201	9,938,560	9,162,519	776,041
Direct Support/Indirect Costs	144,681	494,681	(190,125)	684,806
Capital Outlay	-	169,000	80,368	88,632
Debt Service				
Principal	-	-	10,861,662	(10,861,662)
Interest	-	-	1,190,097	(1,190,097)
Total Expenditures	<u>59,530,736</u>	<u>64,379,428</u>	<u>76,155,984</u>	<u>(11,776,556)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,602,207</u>	<u>1,358,597</u>	<u>(7,912,563)</u>	<u>(9,271,160)</u>
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	(106,342)	(150,342)	-	(150,342)
Other Sources	-	-	17,269,444	(17,269,444)
Net Financing Sources (Uses)	<u>(106,342)</u>	<u>(150,342)</u>	<u>17,269,444</u>	<u>(17,419,786)</u>
Net Change in Fund Balance	1,495,865	1,208,255	9,356,881	8,148,626
Fund Balance - Beginning of Year	3,488,509	3,488,509	3,488,509	-
Fund Balance - End of Year	<u>\$ 4,984,374</u>	<u>\$ 4,696,764</u>	<u>\$ 12,845,390</u>	<u>\$ 8,148,626</u>

See Accompanying Notes to Required Supplementary Information

San Ysidro School District

Budgetary Comparison Schedule – Cafeteria Fund

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance to
	Original	Final	Actual	Final Budget Positive (Negative)
Revenues				
Federal Revenue	\$ 2,016,000	\$ 1,939,500	\$ 2,464,219	\$ 524,719
State Revenue	131,000	131,000	833,091	702,091
Interest Income	-	-	2,764	2,764
Other Local Revenue	1,000	1,000	3,250	2,250
Total Revenues	2,148,000	2,071,500	3,303,324	1,231,824
Expenditures				
Current Expenditures:				
Classified Salaries	867,522	867,522	962,836	(95,314)
Employee Benefits	393,821	393,821	384,850	8,971
Books and Supplies	955,000	953,000	1,393,974	(440,974)
Services and Other Operating	38,000	40,000	90,619	(50,619)
Direct Support/Indirect Costs	-	-	115,353	(115,353)
Total Expenditures	2,254,343	2,254,343	2,947,632	(693,289)
Excess (Deficiency) of Revenues Over Expenditures	(106,343)	(182,843)	355,692	538,535
Other Financing Sources (Uses)				
Transfers In	106,342	150,342	-	(150,342)
Net Financing Sources (Uses)	106,342	150,342	-	(150,342)
Net Change in Fund Balance	(1)	(32,501)	355,692	388,193
Fund Balance - Beginning of Year	34,385	34,385	34,385	-
Fund Balance - End of Year	\$ 34,384	\$ 1,884	\$ 390,077	\$ 388,193

See Accompanying Notes to Required Supplementary Information

San Ysidro School District

Schedule of the District's Proportionate Share of the Net Pension Liability - CalSTRS Last Ten Fiscal Years*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset)	0.0391%	0.0456%	0.0446%	0.0432%	0.0415%	0.0415%	0.0423%	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 37,856,551	\$ 41,156,819	\$ 40,962,948	\$ 39,966,263	\$ 33,537,341	\$ 27,965,531	\$ 24,714,443	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	26,910,878	21,804,471	22,991,514	23,686,041	20,756,543	15,969,232	12,924,473	N/A	N/A	N/A
Total	<u>\$ 64,767,429</u>	<u>\$ 62,961,290</u>	<u>\$ 63,954,462</u>	<u>\$ 63,652,304</u>	<u>\$ 54,293,884</u>	<u>\$ 43,934,763</u>	<u>\$ 37,638,916</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
District's covered payroll**	\$ 24,048,380	\$ 24,493,796	\$ 23,669,577	\$ 22,849,650	\$ 20,601,258	\$ 19,195,832	\$ 18,740,145	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	157.42%	168.03%	173.06%	174.91%	162.79%	145.69%	131.88%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%	76.52%	N/A	N/A	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Covered payroll on this schedule is based on measurement date, as such covered payroll represented for each fiscal year is the covered payroll from the prior year as identified on the schedule of contributions.

See Accompanying Notes to Required Supplementary Information

San Ysidro School District

Schedule of the District's Contributions - CalSTRS

Last Ten Fiscal Years*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 3,725,260	\$ 4,112,273	\$ 3,987,590	\$ 3,415,520	\$ 2,874,486	\$ 2,210,515	\$ 1,704,590	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	<u>(3,725,260)</u>	<u>(4,112,273)</u>	<u>(3,987,590)</u>	<u>(3,415,520)</u>	<u>(2,874,486)</u>	<u>(2,210,515)</u>	<u>(1,704,590)</u>	N/A	N/A	N/A
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	N/A	N/A	N/A
District's covered payroll**	\$ 23,066,625	\$ 24,048,380	\$ 24,493,796	\$ 23,669,577	\$ 22,849,650	\$ 20,601,258	\$ 19,195,832	N/A	N/A	N/A
Contributions as a percentage of covered payroll	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%	N/A	N/A	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Covered payroll on this schedule is based on the fiscal year.

See Accompanying Notes to Required Supplementary Information

San Ysidro School District

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

Last Ten Fiscal Years*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset)	0.0744%	0.0777%	0.0791%	0.0737%	0.0673%	0.0598%	0.0623%	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 22,822,992	\$ 22,644,792	\$ 21,090,817	\$ 17,598,194	\$ 13,292,253	\$ 8,815,645	\$ 7,067,431	N/A	N/A	N/A
District's covered payroll**	\$ 10,810,451	\$ 10,873,807	\$ 10,546,906	\$ 9,468,052	\$ 8,150,089	\$ 6,650,956	\$ 6,545,787	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	211.12%	208.25%	199.97%	185.87%	163.09%	132.55%	107.97%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%	83.38%	N/A	N/A	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Covered payroll on this schedule is based on measurement date, as such covered payroll represented for each fiscal year is the covered payroll from the prior year as identified on the schedule of contributions.

See Accompanying Notes to Required Supplementary Information

San Ysidro School District

Schedule of the District's Contributions - CalPERS

Last Ten Fiscal Years*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 2,255,603	\$ 2,131,929	\$ 1,964,027	\$ 1,638,040	\$ 1,314,923	\$ 965,541	\$ 782,884	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	<u>(2,255,603)</u>	<u>(2,131,929)</u>	<u>(1,964,027)</u>	<u>(1,638,040)</u>	<u>(1,314,923)</u>	<u>(965,541)</u>	<u>(782,884)</u>	N/A	N/A	N/A
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	N/A	N/A	N/A
District's covered payroll**	\$ 10,896,633	\$ 10,810,451	\$ 10,873,807	\$ 10,546,906	\$ 9,468,052	\$ 8,150,089	\$ 6,650,956	N/A	N/A	N/A
Contributions as a percentage of covered payroll	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%	N/A	N/A	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**Covered payroll on this schedule is based on the fiscal year.

See Accompanying Notes to Required Supplementary Information

San Ysidro School District

Schedule of Changes in the District's Total OPEB liability and Related Ratios – SYSD Retiree Health Benefit Plan Last Ten Fiscal Years*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total OPEB liability:										
Service cost	\$ 801,272	\$ 691,833	\$ 684,496	\$ 661,989	N/A	N/A	N/A	N/A	N/A	N/A
Interest	554,220	544,221	507,697	482,353	N/A	N/A	N/A	N/A	N/A	N/A
Changes of benefit terms	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Differences between expected and actual experience	(431,806)	570,501	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	704,854	590,377	(131,692)	-	N/A	N/A	N/A	N/A	N/A	N/A
Other	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(455,913)	(470,127)	(431,726)	(411,168)	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	1,172,627	1,926,805	628,775	733,174	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	17,019,214	15,092,409	14,463,634	13,730,460	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	<u>\$ 18,191,841</u>	<u>\$ 17,019,214</u>	<u>\$ 15,092,409</u>	<u>\$ 14,463,634</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Covered payroll	33,919,198	32,931,260	30,005,000	\$ 30,005,000	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a percentage of covered payroll	53.63%	51.68%	50.30%	48.20%	N/A	N/A	N/A	N/A	N/A	N/A

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

See Accompanying Notes to Required Supplementary Information

San Ysidro School District

Notes to Required Supplementary Information
For the Year Ended June 30, 2021

Excess of Expenditures Over Appropriations

As of June 30, 2021, the District's expenditures which exceeded appropriations in the following categories:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>	<u>Reason for Excess Expenditures</u>
General Fund:		
Certificated Salaries	\$ 81,558	The District underestimated cost of certificated salaries
Classified Salaries	1,353,770	The District underestimated cost of classified salaries
Employee Benefits	1,706,821	The District underestimated cost of employee benefits
Debt Service Principal/Interest	12,051,759	The District did not budget for debt refunding.
Cafeteria Fund:		
Classified Salaries	\$ 95,314	The District underestimated cost of classified salaries
Books and Supplies	440,974	The District underestimated cost of employee benefits
Services and Other Operating	50,619	The District underestimated cost of services and other operating
Direct Support/Indirect Costs	115,353	The District underestimated cost of direct support and indirect costs

Amounts in excess of appropriations were not considered a violation of any laws, regulations, contracts or grant agreements and did not have a direct or material effect on the financial statements.

San Ysidro School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2021

Schedule of District's Proportionate Share – CalSTRS

1. Benefit Changes: There were no changes to benefits during the periods being reported.
2. Changes in Assumptions: Assumptions used in determining the total pension liability of the CalSTRS Plan changed due to actuarial experience studies. Changes in assumptions effective in fiscal year 2020-21 (measured as of June 30, 2020) were to termination rates and service retirement rates based on the experience study for the period July 1, 2015, through June 30, 2018. Changes in assumptions effective in fiscal year 2017-18 (measured as of June 30, 2017) were to price inflation, wage growth, discount rate and mortality tables based on the experience study for the period July 1, 2010, through June 30, 2015.

Schedule of District's Contributions – CalSTRS

The total pension liability for California State Teachers' Retirement System (CalSTRS) for measurement date June 30, 2020, was determined with a valuation completed June 30, 2019 (released in May 2020). In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Reporting Period	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Measurement Date	06/30/14	06/30/15	06/30/16	06/30/17
Valuation Date	06/30/13	06/30/14	06/30/15	06/30/16
Experience Study	07/01/06 - 06/30/10	07/01/06 - 06/30/10	07/01/06 - 06/30/10	07/01/06 - 06/30/15
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return ⁽¹⁾	7.60%	7.60%	7.60%	7.10%
Consumer Price Inflation	3.00%	3.00%	3.00%	2.75%
Wage Growth (Average)	3.75%	3.75%	3.75%	3.50%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

Reporting Period	June 30, 2019	June 30, 2020	June 30, 2021
Measurement Date	06/30/18	06/30/19	06/30/20
Valuation Date	06/30/17	06/30/18	06/30/19
Experience Study	07/01/06 - 06/30/15	07/01/06 - 06/30/15	07/01/15 - 06/30/18
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return ⁽¹⁾	7.10%	7.10%	7.10%
Consumer Price Inflation	2.75%	2.75%	2.75%
Wage Growth (Average)	3.50%	3.50%	3.50%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple

(1) – Net of investment expenses but gross of administrative expenses.

CalSTRS uses a generational mortality assumption, which involves the use of 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 CalSTRS members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.

Additional information can be obtained by reviewing the CalSTRS Actuarial Experience Study on the CalSTRS website.

Chula Vista Elementary School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2021

Schedule of District's Proportionate Share – CalPERS

1. Benefit Changes: There were no changes to benefits during the periods being reported.
2. Changes in Assumptions. On December 21, 2016, the CalPERS Board lowered the discount rate for funding purposes from 7.50% to 7.00% using a three-year phase-in beginning with the June 30, 2016, actuarial valuations and the June 30, 2017 valuations for the School Pool. The final scheduled decrease from 7.25% to 7.00% for the school pool valuation occurred in the June 30, 2019, valuation. The CalPERS Board adopted new actuarial assumptions based on the recommendations in the December 2017 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumption for the Plan. These new assumptions are incorporated into the June 30, 2018, actuarial valuations.

Schedule of District's Contributions – CalPERS

The total pension liability for California Public Employees Retirement System – School Pool (CalPERS) for measurement date June 30, 2020, was determined with a valuation completed June 30, 2019. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Reporting Period	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Measurement Date	06/30/14	06/30/15	06/30/16	06/30/17
Valuation Date	06/30/13	06/30/14	06/30/15	06/30/16
Experience Study	07/01/97 - 06/30/11	07/01/97 - 06/30/11	07/01/97 - 06/30/11	07/01/97 - 06/30/11
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.50%	7.65%	7.65%	7.15%
Consumer Price Inflation	2.75%	2.75%	2.75%	2.75%
Wage Growth (Average)	3.00%	3.00%	3.00%	3.00%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

Reporting Period	June 30, 2019	June 30, 2020	June 30, 2021
Measurement Date	06/30/18	06/30/19	06/30/20
Valuation Date	06/30/17	06/30/18	06/30/19
Experience Study	07/01/97 - 06/30/15	07/01/97 - 06/30/15	07/01/97 - 06/30/15
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.50%	7.50%	7.15%
Consumer Price Inflation	2.50%	2.50%	2.50%
Wage Growth (Average)	3.00%	3.00%	2.75%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the December 2017 experience study report (based on demographic data from 1997 to 2015) available on the CalPERS website.

San Ysidro School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2021

Schedule of Changes in the District's Total OPEB liability and Related Ratios

- 1) Benefit Changes: In 2020 the District made changes to benefit terms consistent with bargaining agreements. There have been no additional changes to benefits in periods being reported.
- 2) Changes in Assumptions: Discount rate is updated annually.
- 3) No assets are accumulated in a trust that meets the criteria in GASB Statement No 75 Paragraph 4.
- 4) The following are the discount rates used for each period:

<u>Year</u>	<u>Discount Rate</u>
2018	3.50%
2019	3.15%
2020	2.20%
2021	2.16%

Combining Statements as Supplementary Information

San Ysidro School District

Combining Balance Sheet – Nonmajor Governmental Funds

June 30, 2021

	Special Revenue Funds		Capital Projects Funds			Debt Service Fund	
	Associated Student Body Fund	Child Development Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	CFD Capital Projects Fund	CFD Debt Service Fund	Total Nonmajor Governmental Funds
Assets							
Cash and Cash Equivalents	\$ 55,544	\$ 644,771	\$ 2,357,291	\$ 82,479	\$ 3,771,487	\$ -	\$ 6,911,572
Accounts Receivable	-	160,306	39,600	-	-	-	199,906
Due from Other Funds	-	6,318	1,500,000	-	-	-	1,506,318
Total Assets	<u>\$ 55,544</u>	<u>\$ 811,395</u>	<u>\$ 3,896,891</u>	<u>\$ 82,479</u>	<u>\$ 3,771,487</u>	<u>\$ -</u>	<u>\$ 8,617,796</u>
Liabilities and Fund Balance:							
Liabilities:							
Accounts Payable	-	1,819	-	-	-	-	1,819
Due to Other Funds	-	246,873	46,535	-	-	-	293,408
Unearned Revenue	-	254,096	-	-	-	-	254,096
Total Liabilities	<u>-</u>	<u>502,788</u>	<u>46,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>549,323</u>
Fund Balance:							
Restricted	55,544	308,607	3,850,356	82,479	3,771,487	-	8,068,473
Total Fund Balance	<u>55,544</u>	<u>308,607</u>	<u>3,850,356</u>	<u>82,479</u>	<u>3,771,487</u>	<u>-</u>	<u>8,068,473</u>
Total Liabilities and Fund Balances	<u>\$ 55,544</u>	<u>\$ 811,395</u>	<u>\$ 3,896,891</u>	<u>\$ 82,479</u>	<u>\$ 3,771,487</u>	<u>\$ -</u>	<u>\$ 8,617,796</u>

San Ysidro School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds

June 30, 2021

	Special Revenue Funds		Capital Projects Funds			Debt Service Fund	
	Associated Student Body Fund	Child Development Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	CFD Capital Projects Fund	CFD Debt Service Fund	Total Nonmajor Governmental Funds
Revenues							
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 3,430,230	\$ -	\$ 3,430,230
Federal Revenue	-	442,916	-	-	-	-	442,916
Other State Revenue	-	1,204,941	-	-	-	-	1,204,941
Interest and Investment Earnings	-	5,735	28,599	762	46,165	-	81,261
Other Local Revenue	2,653	86,242	1,527,418	-	-	-	1,616,313
Total Revenues	<u>\$ 2,653</u>	<u>\$ 1,739,834</u>	<u>\$ 1,556,017</u>	<u>\$ 762</u>	<u>\$ 3,476,395</u>	<u>\$ -</u>	<u>\$ 6,775,661</u>
Expenditures							
Current Expenditures:							
Instruction	-	931,841	-	-	-	-	931,841
Instruction - Related Services	-	274,801	-	-	-	-	274,801
Pupil Services	-	88,678	-	-	-	-	88,678
Ancillary Services	11,440	-	-	-	-	-	11,440
General Administration	-	74,772	-	-	-	-	74,772
Plant Services	-	77,891	-	-	-	-	77,891
Capital Outlay	-	-	-	-	40,000	-	40,000
Debt Service:							
Principal	-	-	-	-	-	2,671,852	2,671,852
Interest	-	-	-	-	-	1,396,992	1,396,992
Total Expenditures	<u>11,440</u>	<u>1,447,983</u>	<u>-</u>	<u>-</u>	<u>40,000</u>	<u>4,068,844</u>	<u>5,568,267</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,787)</u>	<u>291,851</u>	<u>1,556,017</u>	<u>762</u>	<u>3,436,395</u>	<u>(4,068,844)</u>	<u>1,207,394</u>
Other Financing Sources (Uses):							
Transfers In	-	-	-	-	-	4,068,844	4,068,844
Transfers Out	-	-	-	-	(4,068,844)	-	(4,068,844)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,068,844)</u>	<u>4,068,844</u>	<u>-</u>
Net Change in Fund Balance	(8,787)	291,851	1,556,017	762	(632,449)	-	1,207,394
Fund Balance, Beginning of Year	64,331	16,756	2,294,339	81,717	4,403,936	-	6,861,079
Fund Balance, End of Year	<u>\$ 55,544</u>	<u>\$ 308,607</u>	<u>\$ 3,850,356</u>	<u>\$ 82,479</u>	<u>\$ 3,771,487</u>	<u>\$ -</u>	<u>\$ 8,068,473</u>

Other Supplementary Information

San Ysidro School District

Local Education Agency Organization Structure

June 30, 2021

The San Ysidro School District was established in 1887. The District boundaries include the City of San Ysidro and portions of the unincorporated area of San Diego County. There were no changes to the District's boundaries during the current fiscal year. The District operates one preschool, five elementary schools, and two middle schools.

GOVERNING BOARD

Name	Office	Term and Term Expiration
Antonio Martinez	President	Four Year Term Expires December 2024
Rodolfo Lopez	Vice President	Four Year Term Expires December 2022
Rosaleah Pallasigue	Clerk	Four Year Term Expires December 2024
Humberto Gurmilan	Member	Four Year Term Expires December 2022
Irene Lopez	Member	Four Year Term Expires December 2022

ADMINISTRATION

Gina A. Potter, Ed.D
Superintendent

David Farkas, Ed.D
Assistant Superintendent

Marilyn Adrianzen
Chief Business Official

Cynthia Gonzalez
Executive Director
Educational Services

Linda Gonzalez
Executive Director
Human Resources

San Ysidro School District

Schedule of Instructional Time

Year Ended June 30, 2021

Grade Level	Minimum Daily Minutes Offered	Instructional Days Offered Traditional Calendar	J-13A Credited Days	Status
Transitional Kindergarten	180	180	N/A	Complied
Kindergarten	180	180	N/A	Complied
1st Grade	230	180	N/A	Complied
2nd Grade	230	180	N/A	Complied
3rd Grade	230	180	N/A	Complied
4th Grade	240	180	N/A	Complied
5th Grade	240	180	N/A	Complied
6th Grade	240	180	N/A	Complied
7th Grade	240	180	N/A	Complied
8th Grade	240	180	N/A	Complied

This schedule provides the information necessary to determine if the District has complied with Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code. The requirements are as follows:

- 1) EC §46207: As a condition of apportionment the following annual instructional minutes must be offered:
 - To pupils in Kindergarten 36,000 minutes
 - To pupils in grades 1 to 3 50,400 minutes
 - To pupils in grades 4 to 8 54,000 minutes
 - To pupils in grades 9 to 12 64,800 minutes
- 2) EC §46208: As a condition of apportionment 180 school days must be offered for traditional calendars. In order to qualify as a school day the following minimum daily minutes must be met:
 - EC §46112: Grades 1 to 3 230 minutes
 - EC §46113: Grades 4 to 8 240 minutes
 - EC §46114: Kindergarten 180 minutes
 - EC §46141: Grades 9 to 12 240 minutes

Under Senate Bill 98 and Senate Bill 820, annual instructional minutes requirements were waived for the 2020-21 school year. For school districts and classroom-based charter schools, in order for a day to count as a day of instruction towards meeting the annual instructional day requirement, students must be scheduled to attend for the school day established by the local governing board and the school day must be equivalent to at least a minimum day of instruction as follows:

- 180 instructional minutes in TK/Kindergarten, continuation high schools, opportunity schools, and students concurrently enrolled in a community college.
- 230 instructional minutes in grades 1 to 3
- 240 minutes in grades 4 to 12

As a result of the COVID-19 pandemic, the District operated a portion of the year under distance learning and a portion of the year under in person classroom instruction.

San Ysidro School District

Schedule of Financial Trends and Analysis Year Ended June 30, 2021

<u>General Fund</u>	<u>Budget 2022 (See Note 1)</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenues and Other Financing Sources	\$ 66,768,727	\$ 68,243,421	\$ 62,408,312	\$ 61,678,973
Expenditures and Other Financing Uses	66,213,966	58,886,540	61,549,855	69,817,358
Net Change in Fund Balance	554,761	9,356,881	858,457	(8,138,385)
Ending Fund Balance	<u>\$ 13,400,150</u>	<u>\$ 12,845,389</u>	<u>\$ 3,488,508</u>	<u>\$ 2,630,051</u>
Available Reserves (See Note 2)	<u>\$ 1,986,419</u>	<u>\$ 2,284,683</u>	<u>\$ 2,735,528</u>	<u>\$ 1,080,468</u>
Available Reserves as a Percentage of Total Outgo	<u>3.00%</u>	<u>3.88%</u>	<u>4.44%</u>	<u>1.55%</u>
Long Term Debt (See Note 3)	<u>\$ 212,615,436</u>	<u>\$ 225,805,836</u>	<u>\$ 225,776,817</u>	<u>\$ 225,408,413</u>
Average Daily Attendance at P2	<u>4,112</u>	<u>N/A</u>	<u>4,203</u>	<u>4,351</u>

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.

The general fund balance has increased by \$10,215,338 (388%) over the past two years. The fiscal year 2021-22 budget projects an increase of \$554,761 (4.3%). For a district of this size, the State recommends available reserves of 3% of total general fund expenditures and other financing uses (total outgo).

Total long-term debt has increased by \$397,423 over the past two years.

As a result of the COVID-19 pandemic there was no attendance reporting for the 2020-21 fiscal year. Each LEA was funded based on the 2019-20 average daily attendance (ADA) reported.

Notes:

1. Budget 2022 is included for analytical purposes only and has not been subjected to audit.
2. Available reserves consist of all unassigned fund balances contained within the general fund.

San Ysidro School District

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

	General Fund (Fund 01)
June 30, 2020, annual financial and budget report fund balances	<u>\$ 1,325,391</u>
Adjustments and reclassifications:	
Increasing (decreasing) the fund balance:	
Overstatement of accounts payable	<u>2,163,117</u>
Net adjustments and reclassifications	<u>2,163,117</u>
June 30, 2020, audited financial statement fund balances	<u>\$ 3,488,508</u>

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the SACS Annual Financial and Budget Report with the audited financial statements. Funds that required no adjustment are not presented.

San Ysidro School District

Schedule of Charter Schools

Year Ended June 30, 2021

The San Ysidro School District did not sponsor any charter schools as of June 30, 2021.

	General Fund (Fund 01)	Cafeteria Fund (Fund 13)	CFD Capital Projects Fund (Fund 49)
June 30, 2021, annual financial and budget report fund balances	<u>\$ 14,672,753</u>	<u>\$ 398,878</u>	<u>\$ 1,957,985</u>
Adjustments and reclassifications:			
Increasing (decreasing) the fund balance:			
Cash with fiscal agent adjustment	-	-	1,813,502
Accounts receivable adjustment	<u>(1,827,364)</u>	<u>(8,801)</u>	<u>-</u>
Net adjustments and reclassifications	<u>(1,827,364)</u>	<u>(8,801)</u>	<u>1,813,502</u>
June 30, 2020, audited financial statement fund balances	<u><u>\$ 12,845,389</u></u>	<u><u>\$ 390,077</u></u>	<u><u>\$ 3,771,487</u></u>

This schedule is provided to list all charter schools chartered by the District and displays information for each charter school on whether or not the charter school is included in the District audit.

San Ysidro School District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Subrecipient Expenditures	Total Federal Expenditures
CHILD NUTRITION CLUSTER:				
<u>U.S. Department of Agriculture</u>				
Passed through California Department of Education				
School Breakfast Program	10.553	13526	\$ -	\$ 915,182
National School Lunch Program	10.555	13523	-	1,472,138
National School Lunch Program - Noncash Commodities	10.555	13392	-	69,066
Total Child Nutrition Cluster			-	2,456,386
SPECIAL EDUCATION (IDEA) CLUSTER:				
<u>U.S. Department of Education</u>				
Passed through California Department of Education				
IDEA Basic Local Assistance	84.027	13379	-	643,467
IDEA Preschool Grants	84.173	13430	-	41,789
IDEA Mental Health	84.027	15197	-	68,339
Total Special Education (IDEA) Cluster			-	753,595
OTHER PROGRAMS:				
<u>U.S. Department of the Treasury</u>				
Passed through California Department of Education				
CARES Act - Learning Loss Mitigation Fund	21.019	25516	-	4,530,284
<u>U.S. Department of Health and Human Services</u>				
Passed through California Department of Education				
Head Start Program	93.600	10016	-	358,574
<u>U.S. Department of Education</u>				
Passed through California Department of Education				
Title I	84.010	14329	-	854,585
ESSA School Improvement Funding for LEAs	84.010	15438	-	73,677
Title II Supporting Effective Instruction	84.367	14341	-	100,895
Title III English Learner Student Program	84.365	14346	-	10,398
Title IV Student Support & Academic Enrichment	84.424	15396	-	16,488
21st Century - ASSETS	84.287	14535	-	101,770
Governor's Emergency Education Relief Fund	84.425C	15517	-	290,267
CARES Act - Elementary & Secondary School Emergency Relief	84.425D	15536	-	1,148,009
CARES Act - Elementary & Secondary School Emergency Relief II	84.425D	15547	-	1,421,178
ESSA Education for Homeless Children and Youth	84.196	14332	-	97,864
Total Other Programs			-	9,003,989
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 12,213,970

See accompanying notes to schedule of expenditures of federal awards.

San Ysidro School District

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2021

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of 2 CFR §200.502 *Basis for Determining Federal Awards Expended* and 2CFR §200.510(b) *Schedule of Expenditures of Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Summary of Significant Accounting Policies

The expenditures reported on the schedule 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. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Indirect Cost Rate

Indirect costs were calculated in accordance with 2 CFR §200.412 *Direct and Indirect Costs*. The District used an indirect cost rate of 8.34% based on the rate approved by the California Department of Education for each program which did not have a pre-defined allowable indirect cost rate. The District did not elect to use the 10% de minimis cost rate as covered in 2 CFR §200.414 *Indirect Costs*. The following programs utilized a lower indirect cost rate based on program restrictions or other factors determined by the District:

<u>Program</u>	<u>CFDA #</u>	<u>Indirect Cost Rate</u>
Title I	84.010	8.20%
CARES Act - Elementary & Secondary School Emerge	84.425D	7.11%
CARES Act - Elementary & Secondary School Emerge	84.425D	6.30%
IDEA Basic Local Assistance	84.027	8.08%
21st Century - ASSETS	84.287	5.00%
National School Lunch Program	10.553, 10.555	5.83%

Schoolwide Program

The District operates “schoolwide programs” at all school sites. Using federal funding, schoolwide programs are designed to upgrade an entire educational program within a school for all students, rather than limiting services to certain targeted students. The following federal program amounts were expended by the District in it’s schoolwide programs:

<u>Program</u>	<u>CFDA #</u>	<u>Amount Expended</u>
Title I	84.010	\$ 854,585

Chula Vista Elementary School District

Notes to the Schedule of Expenditures of Federal Awards, Continued

Year Ended June 30, 2021

Personal Protective Equipment (PPE) (Unaudited)

As a result of the COVID-19 Pandemic the District received personal protective equipment (PPE) valued at \$85,000 from the federal government.

Reconciliation of Revenues

The District is permitted to bill for Medi-Cal administrative activities and services provided as a Provider Type 55 (LEA Provider) which under the provisions of 2CFR §200.330 distinguishes the District as a contractor rather than a subrecipient of the federal funds. As such, the program has not been included in the schedule of expenditures of federal awards.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balance and the related expenditures reported on the Schedule of Expenditures of Federal Awards:

Total Federal Revenues on Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 12,513,673
Less: Amounts representing Medi-Cal	<u>(299,703)</u>
Total Federal Expenditures on Schedule of Expenditures of Federal Awards	<u>\$ 12,213,970</u>

Other Independent Auditors' 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*

To the Board of Education
San Ysidro School District
San Diego, California

We have audited, in accordance with the 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 and each major fund of San Ysidro School District (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise San Ysidro School District's basic financial statements, and have issued our report thereon dated March 31, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered San Ysidro 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of San Ysidro School District's internal control. Accordingly, we do not express an opinion on the effectiveness of San Ysidro School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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. We did not identify any deficiencies which we consider to be a material weakness; however, material weaknesses may exist that have not been identified.

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. We did identify deficiencies in internal control that we consider to be a significant deficiencies which are described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether San Ysidro 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*.

San Ysidro School District's Response to the Finding

San Ysidro School District's response to the finding identified in our audit is described in the accompanying corrective action plan. San Ysidro School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in blue ink that reads "Wilkinson Hadley King & Co LLP". The signature is written in a cursive, flowing style.

El Cajon, California
March 31, 2022

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

To the Board of Education
San Ysidro School District
San Diego, California

Report on Compliance for Each Major Federal Program

We have audited San Ysidro 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 San Ysidro School District's major federal programs for the year ended June 30, 2021. San Ysidro 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 San Ysidro 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 San Ysidro 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 San Ysidro School District's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of San Ysidro 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 San Ysidro 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 San Ysidro 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.

Wilkinson Hadley King & Co LLP

El Cajon, California
March 31, 2022

Independent Auditor's Report on State Compliance

To the Board of Education
San Ysidro School District
San Diego, California

Report on State Compliance

We have audited the San Ysidro School District's compliance with the types of compliance requirements described in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810, that could have a direct and material effect on each of the District's state programs identified below for the fiscal year ended June 30, 2021.

Management's Responsibility for State Compliance

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's Audit Guide *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance*, prescribed in Title 5, *California Code of Regulations*, Section 19810. 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 State's audit guide *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below. An audit includes examining, on a test basis, evidence about each school'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. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools	
A. Attendance and Distance Learning.....	Yes
B. Teacher Certification and Misassignments.....	Yes
C. Kindergarten Continuance.....	Yes
F. Instructional Time.....	Yes
G. Instructional Materials.....	Yes
H. Ratio of Administrative Employees to Teachers.....	Yes
I. Classroom Teacher Salaries.....	Yes
J. Early Retirement Incentive.....	N/A
K. Gann Limit Calculation.....	Yes
L. School Accountability Report Card.....	Yes
O. K-3 Grade Span Adjustment.....	Yes
Q. Apprenticeship: Related and Supplemental Instruction.....	N/A
R. Comprehensive School Safety Plan.....	Yes
S. District of Choice.....	N/A
School Districts, County Offices of Education, and Charter Schools	
T. California Clean Energy Jobs Act.....	N/A
V. Proper Expenditure of Education Protection Account Funds.....	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts.....	Yes
Charter Schools	
Y. Independent Study - Course Based.....	N/A
AA. Attendance.....	N/A
BB. Mode of Instruction.....	N/A
CC. Nonclassroom Based Instruction/Independent Study.....	N/A
DD. Determination of Funding for Nonclassroom Based Instruction.....	N/A
FF. Charter School Facility Grant Program.....	N/A

The term N/A is used above to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

Opinion on State Compliance

In our opinion, San Ysidro School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2021.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing. This report is an integral part of an audit performed in accordance with *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810. Accordingly, this report is not suitable for any other purpose.

Wilkinson Hadley King & Co LLP

El Cajon, California
March 31, 2022

Auditor's Results, Findings & Recommendations

San Ysidro School District

Schedule of Auditor's Results

Year Ended June 30, 2021

FINANCIAL STATEMENTS

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

One or more material weakness(es) identified?

Yes

X

No

One or more significant deficiencies identified that are not considered material weakness(es)?

X

Yes

No

Noncompliance material to financial statements noted?

Yes

X

No

FEDERAL AWARDS

Internal control over major programs:

One or more material weakness(es) identified?

Yes

X

No

One or more significant deficiencies identified that are not considered material weakness(es)?

Yes

X

No

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

Unmodified

Compliance supplement utilized for single audit

July 2021 with
December 2021 Addendum

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516?

Yes

X

No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

21.019

CARES Act - Learning Loss Mitigation Fund

93.600

Head Start Program

Dollar threshold used to distinguish between Type A and Type B programs

\$750,000

Auditee qualified as low-risk auditee?

X

Yes

No

STATE AWARDS

Any audit findings disclosed that are required to be reported in accordance with *2020-21 Guide for Annual Audits of California K-12 Local Education Agencies?*

Yes

X

No

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

Unmodified

San Ysidro School District

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

Findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), or the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Finding codes as identified in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are as follows:

Five Digit Code	AB 3627 Finding Type
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

A. Financial Statement Findings

Finding Number: 2021-001
Repeat Finding: No
Questioned Costs: None
Type of Finding: Internal Control (30000)

Criteria or Specific Requirement

Verify that the District has an appropriate internal control system which would allow management or employees, in the normal course of performing their functions, to comply with federal laws regarding Form I-9 and employment eligibility verification. 28 U.S.C. Paragraph 1746 requires that employees sign Form I-9 under penalties of perjury attesting that the information provided on Form I-9, along with the citizenship or immigration status provided, is correct.

Condition

In our review of the payroll documentation we noted that, of the 62 Form I-9's reviewed, 26 were not signed by the employee.

Cause

Although the District has a procedure in place to require that Form I-9 be filled out and signed by the employee, the procedure is not being followed.

Effect

The effect of not following the District's internal control policies are that the District is not in compliance with federal laws regarding Form I-9.

San Ysidro School District

Schedule of Findings and Questioned Costs, Continued

Year Ended June 30, 2021

Context

The District must ensure that federal law regarding signature requirements of Form I-9 are being followed.

Recommendation

We recommend that the District adopt a policy of requiring that all employees sign Form I-9 when they are hired. The District should review employee files and obtain signatures of Form I-9 for all employees whose I-9 is not currently signed.

Views of Responsible Individuals

See Corrective Action Plan

Finding Number: 2021-002
Repeat Finding: No
Questioned Costs: None
Type of Finding: Internal Control (30000)

Criteria or Specific Requirement

Determine whether the District has accounting processes and internal controls that would allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis, whether due to error or fraud.

Condition

The District incorrectly recorded payments to a reserve account as debt payments which required an audit adjustment to correct.

Cause

Incorrectly recording the payments to a reserve account as debt payments caused the financial statements to be misstated.

Effect

The District is exposed to risk of material misstatements, whether due to error or fraud that would not be detected by management or employees in the normal course of performing their duties.

Context

Internal control deficiencies were identified in this area of the audit that represent a weakness to the District in the internal control process.

Recommendation

We recommend that the District take the following steps to remedy the weaknesses in internal control:

1. Formally adopt the most recent California School Accounting Manual as the official accounting manual for the District.
2. Establish a review and reconciliation process over the debt accounts and reconcile to what is recorded in the financial statements. Determine if adjustments need to be posted to the financial statements.

Views of Responsible Individuals

See Corrective Action Plan

San Ysidro School District

Schedule of Findings and Questioned Costs, Continued

Year Ended June 30, 2021

B. Federal Awards

None

C. State Award Findings

None



San Ysidro
School District EST - 1887

Gina A. Potter, Ed.D.
Superintendent

GOVERNING BOARD

Irene Lopez, President
Humberto Gurmilan, Vice-President

Antonio Martinez, Clerk
Rudy Lopez, Member
Rosaleah Pallasigue, Member

Quality education and opportunity for all students to succeed

Marilyn Adrianzen
Chief Business Official

March 31, 2022

To Whom it May Concern:

The accompanying Corrective Action Plan has been prepared as required by the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* published by the Education Audit appeals Panel. The name of the contact person responsible for corrective action, the planned corrective action, and the anticipated completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

In addition, we have also prepared the accompanying Summary Schedule of Prior Audit Findings which includes the status of audit findings reported in the prior year's audit.

Sincerely,

Marilyn Adrianzen

Marilyn Adrianzen (Mar 31, 2022 11:26 PDT)

Marilyn Adrianzen
Chief Business Official

4350 Otay Mesa Road San Ysidro, CA 92173

(619) 428-4476 Ext. 3004 • marilyn.adrianzen@sysdschools.org

San Ysidro School District

Corrective Action Plan

Year Ended June 30, 2021

Financial Statement Findings

Finding Number: 2021-001
Program Name: Federal Form I-9
Contact Person: Linda Olea and Marilyn Adrianzen
Anticipated Completion Date: Ongoing

Planned Corrective Action: Human Resources and Business Services will ensure that all employees sign Form I-9 when they are hired. The District will review employee files and obtain signatures of Form I-9 for all employees whose I-9 is not currently signed.

Finding Number: 2021-002
Program Name: CFD Debt Payment Reconciliations
Contact Person: Marilyn Adrianzen and Amber Elliott
Anticipated Completion Date: June 30, 2022

Planned Corrective Action: The District will formally adopt the most recent California School Accounting Manual as the official accounting manual for the District. Business services will establish a review and reconciliation process over the debt accounts, reconcile to what is recorded in the financial statements and determine if adjustments need to be posted to the financial statements.

San Ysidro School District

Schedule of Prior Year Audit Findings

Year Ended June 30, 2021

Finding/Recommendation	Status	Explanation if Not Implemented
Finding 2020-001 General Fund Balance <u>Condition</u> At fiscal year end, the District reported available reserves in the General Fund of 4.4% as reported in the Schedule of Financial Trends and Analysis which is slightly above the required 3% reserve balance as recommended by the California Department of Education for the size of this District. Expenditures exceeded revenues by \$8.1 million in 2018-19 resulting in the available reserves declining from 6.9% to 1.6% for fiscal year 2018-19; however, in 2019-20, revenues exceeded expenditures by \$0.8 million resulting in available reserves to increase 2.84% over the prior year. The District at the end of 2019-20 met the required reserve; however, the financial trends in the General Fund are inconsistent as the District has experienced an inadequate reserve balance in a prior period. <u>Recommendation</u> Implement procedures to improve minimum required reserves in the General Fund as recommended by the state. Establish and implement a spending reduction plan to reduce and eliminate expenditures for the subsequent fiscal year to be in correlation with actual revenues received in order to enable a positive increase in fund balance for the General Fund in future periods. Increase the fund balance for the General Fund in future periods to raise the available reserves up to a reasonable level by reducing contract expenses, eliminating vacant positions, and reducing overall operational costs. Monitor the reserve balances for the General Fund diligently and make every effort to increase the general fund reserves over the minimum threshold recommended over the next few years. Make every effort to stabilize reserve balances from year to year and eliminate inconsistencies in the financial trends of the General Fund.	Implemented	