



# San Ysidro School District

County of San Diego  
San Diego, California

Audit Report

June 30, 2020



WILKINSON HADLEY  
KING & CO. LLP  
CPAs AND ADVISORS



# San Ysidro School District

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June 30, 2020

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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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 *2019-20 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, 2021, 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, 2021

**SAN YSIDRO SCHOOL DISTRICT**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
JUNE 30, 2020  
(Unaudited)

**PROFILE OF THE DISTRICT**

The San Ysidro School District (District) was formed in 1887 and serves the children of the City of San Ysidro and portions of the unincorporated area of San Diego County. The District operates one preschool, five elementary schools, and two middle schools housing 4,850 students.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The discussion and analysis of San Ysidro School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole. To provide a complete understanding of the District's financial performance, please read it in conjunction with the Independent Auditor's Report, the District's financial statements, and notes to the basic financial statements.

The Management's Discussion and Analysis (MD & A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information is required to be presented in the MD & A.

**FINANCIAL HIGHLIGHTS**

- General Fund expenditures decreased by \$7.8 million or 11.3% as compared to the previous fiscal year amount.
- General Fund revenues and other sources exceeded expenditures and other uses by \$.86 million.

**Overview of the Financial Statements**

This annual report consists of the following parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, other supplementary information, and findings and recommendations. These statements are organized so the reader can understand the San Ysidro School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

**The Basic Financial Statements**

The first two statements are district-wide financial statements, the Statement of Net Position and the Statement of Activities.

These statements provide information about the activities of the whole school district, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's more significant funds with all other non-major funds presented in total in one column.

The financial statements also include notes that explain some of the supplementary information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements. A comparison of the District's general fund budget is included.

## **Reporting the School District as a Whole**

### *Statement of Net Position and the Statement of Activities*

These two statements provide information about the District as a whole using methods similar to those used by private-sector companies. The Statement of Net Position includes all the District's assets and liabilities using the accrual basis of accounting. This basis of accounting takes in account all the current year's revenues and expenses regardless of when cash is received or paid. These statements report information on the district as a whole and its activities in a way that helps answer the question, "How did we do financially during 2019-20?"

These two statements report the District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the District as a whole, if the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Over time, the increases or decreases in the District's net position, as reported in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses indicates the District's operating results. However, the District's goal is to provide services to our students, not to generate profits as commercial entities. One must consider many non-financial factors, such as the quality of education provided to assess the overall health of the District.

- Increases or decreases in the net position of the District over time are indications of whether its financial position is improving or deteriorating, respectively.
- Additional non-financial factors such as condition of school buildings and other facilities, and changes to the property tax base of the District need to be considered in assessing the overall health of the District.

## **Reporting the School District's Most Significant Funds**

### *Fund Financial Statements*

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by State law. However, the District establishes other funds to control and manage money for specific purposes.

### *Governmental Funds*

Most of the District's activities are reported in governmental funds. The major governmental funds of the District are the General Fund, the Capital Projects Fund for Blended Component Units, and the Bond Interest and Redemption Fund. Governmental funds focus on how money flows into and out of the funds and the balances that remain at the end of the year. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and services that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

### *Fiduciary Funds*

The District is the trustee, or fiduciary, for the student activities funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT WIDE STATEMENTS**

### *The School District as a Whole*

The District's net position was (\$125.8) million at June 30, 2020 and was largely due to the continuing recognition of the Net Pension Liability and Total OPEB Liability. Of this amount, unrestricted assets were (\$53.5) million. A comparative analysis of government-wide data is presented in Table 1.

The District's net position decreased \$8,448,198 this fiscal year (See Table 2). The District's expenses for instructional and pupil services represented 67% of total expenses. The administrative activities of the District accounted for 6% of total costs. The interest paid on long term debt accounted for 13% of total costs. The remaining 14% was spent in the areas of plant services and other expenses. (See Figure 2)



**(Table 1)**  
**Comparative Statement of Net Position**

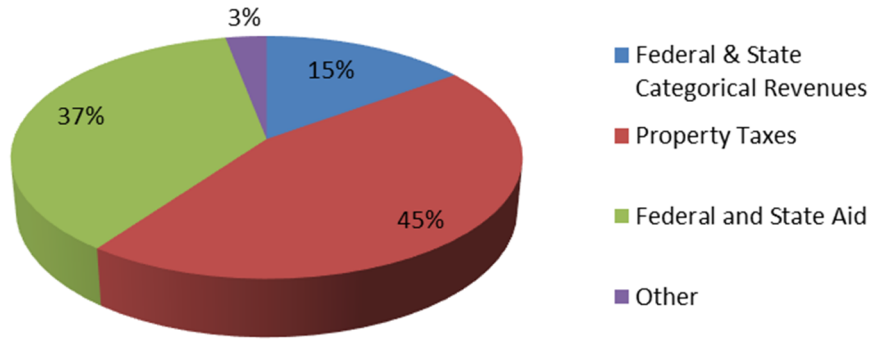
	<b>Governmental Activities</b>	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>Assets</b>		
Cash	\$ 14,729,534	\$ 16,187,739
Accounts receivable	5,257,904	2,221,669
Stores inventory	17,192	68,950
Prepaid expenses	-	8,000
Capital assets, net of accumulated depreciation	138,689,599	143,275,106
<b>Total Assets</b>	<u>\$ 158,694,229</u>	<u>\$ 161,761,464</u>
<b>Deferred Outflows of Resources</b>		
Deferred outflows of resources	<u>\$ 32,105,107</u>	<u>\$ 35,658,417</u>
<b>Liabilities</b>		
Accounts payable and other current liabilities	2,846,362	3,871,824
Unearned revenue	693,236	1,733,465
Long-term liabilities	309,044,422	302,927,307
<b>Total liabilities</b>	<u>312,584,020</u>	<u>308,532,596</u>
<b>Deferred Inflows of Resources</b>		
Deferred inflows of resources	<u>\$ 3,979,816</u>	<u>\$ 6,203,588</u>
<b>Net Assets</b>		
Net investment in capital assets	(87,087,218)	(82,133,307)
Restricted	14,828,551	13,052,995
Unrestricted	(53,505,833)	(48,235,991)
<b>Total net position</b>	<u>\$ (125,764,500)</u>	<u>\$ (117,316,303)</u>

**(Table 2)**  
**Comparative Statement of Change in Net Position**

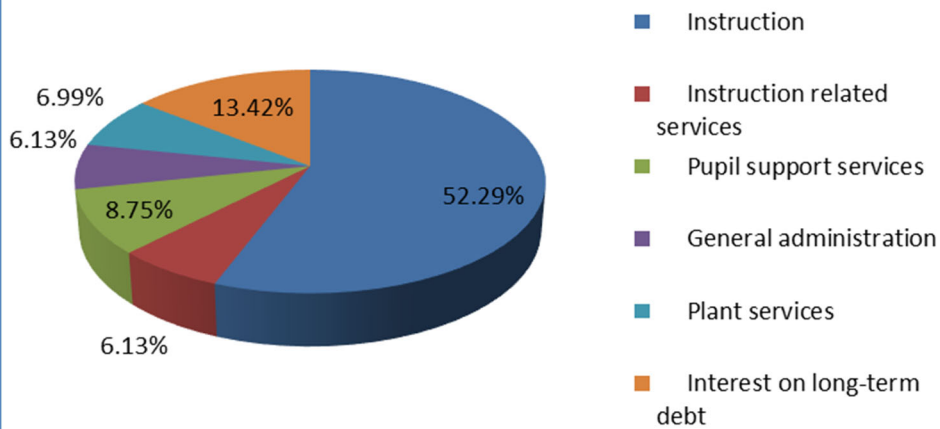
	<b>Governmental Activities</b>	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>Revenues</b>		
Program revenues	\$ 13,587,462	\$ 9,641,829
General revenues		
Taxes levied for general purposes	22,495,702	20,609,030
Taxes levied for debt service	6,711,382	6,311,726
Taxes levied for other specific purposes	3,721,536	3,527,530
Federal and state aid not restricted to specific purposes	26,918,990	30,229,416
Interest and investment earnings	125,955	136,776
Miscellaneous	171,565	124,228
Total Revenues	<u>\$ 73,732,592</u>	<u>\$ 70,580,535</u>
<b>Expenses</b>		
Instruction	42,976,859	42,728,684
Instruction related services	5,044,801	5,454,165
Pupil support services	7,196,905	7,540,304
General administration	5,038,054	10,513,887
Plant services	5,744,743	6,285,783
Interest on long-term debt	11,031,326	10,631,343
Other	5,148,102	5,427,824
Total Expenses	<u>82,180,790</u>	<u>88,581,990</u>
Increase (Decrease) in net position	<u>\$ (8,448,198)</u>	<u>\$ (18,001,455)</u>

As reported in the Statement of Activities, the cost of all of the District's governmental activities this year was \$82.2 million. The amount that our local taxpayers financed for these activities through property taxes was \$32.9 million. Federal and State aid not restricted to specific purposes totaled \$26.9 million. Operating grants and contributions and charges for services revenue totaled \$13.6 million.

**Sources of Revenue for the 2019-20  
Fiscal Year - Figure 1**



**Expenses for the 2019-20 Fiscal Year - Figure 2**



**FINANCIAL ANALYSIS OF THE FUND STATEMENTS**

The fund financial statements focus on individual parts of the District’s operations in more detail than the government-wide statements. The District’s individual fund statements provide information on inflows and outflows and balances of spendable resources.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The District has a broad range of capital assets, including school buildings, administrative buildings, site improvements, vehicles and equipment. Table 3 discloses the Schedule of Capital Assets, Net of Depreciation.

**(Table 3)**  
**Comparative Schedule of Capital Assets**  
**(Net of Depreciation)**  
**June 30, 2020 and 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Net \$ Change</u>	<u>Net % Change</u>
Land	\$ 45,896,267	\$ 45,896,267	\$ 0	0.0%
Site Improvements	19,923,026	19,923,026	0	0.0%
Buildings	134,718,919	134,496,808	222,111	0.2%
Equipment	3,363,419	3,300,513	62,906	1.9%
Work in progress	<u>66,996</u>	<u>0</u>	<u>66,996</u>	<u>100.0%</u>
Total	<u>\$ 203,968,627</u>	<u>\$ 203,616,614</u>	<u>\$ 352,013</u>	<u>0.2%</u>

### Long-Term Obligations

At June 30, 2020 the District had \$309 million in long-term debt outstanding.

**(Table 4)**  
**Comparative Schedule of Outstanding Obligations**  
**June 30, 2020 and 2019**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
General Obligation Bonds	\$ 173,325,152	\$ 171,240,998
Certificates of Participation Payable	50,496,614	51,761,660
Capital Lease Obligation	1,447,791	1,644,865
QZAB Bonds Payable	507,260	760,890
Principal Apportionment Plan	1,892,727	-
Net Pension Liability	63,801,611	62,053,765
Total OPEB Liability	17,019,214	15,092,409
Compensated Absences	<u>554,053</u>	<u>372,720</u>
Total	<u>\$ 309,044,422</u>	<u>\$ 302,927,307</u>

## **FACTORS BEARING ON THE DISTRICT'S FUTURE**

The final quarter of the 2019-20 school year was severely impacted by COVID 19 and many school districts nationwide were required to close schools. Although the State and Federal governments provided one-time stimulus funds, the impacts of COVID-19 in future years are still to be determined. The State's economic downturns and surpluses impacts the District's future dramatically. The financial well-being of the District is tied in large measure to the state's Local Control Funding Formula (LCFF). The LCFF is fully funded beginning in 18-19. Normally, districts receive the Cost of Living Adjustment (COLA) moving forward, however during the past year we have seen this process dramatically change due to the fluctuation in state revenues.

Student enrollment and attendance are primary factors in the computation of most funding formulas for public schools in the State of California. San Ysidro experienced a decline in enrollment from 4,578 students in 2018-19 to 4,475 students in 2019-20. This is a decline of 103 students, or a loss of about \$1.0 million. In addition, the district's budget is severely impacted by the increase in CalSTRS and CalPERS pension costs. Construction debt payments have also impacted the district's general fund budget in 2019-20 which included an annual debt payments range from \$700,000 to \$1.0 million. However in 2020-21, the construction debt will be paid off by GO Bond Measure T.

The District's Superintendent, CBO, and Governance Team are dedicated to correcting past audit findings, implementing tight business controls, training District staff, and restoring fiscal stability to the San Ysidro School District to ensure a quality education is provided to our students.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, parents, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Marilyn Adrianzen, Chief Business Official, 4350 Otay Mesa Road, San Ysidro, CA 92173. (619) 428-4476, Extension, 3004.

## Basic Financial Statements

# San Ysidro School District

## Statement of Net Position

June 30, 2020

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	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	\$ 14,729,533
Accounts Receivable	5,257,904
Inventory	17,192
Capital Assets:	
Land	45,896,267
Land Improvements	19,923,026
Buildings & Improvements	134,718,919
Equipment	3,363,419
Work In Progress	66,996
Less Accumulated Depreciation	<u>(65,279,028)</u>
Total Assets	<u>158,694,228</u>
<b>Deferred Outflows of Resources</b>	<u>32,105,107</u>
<b>Liabilities</b>	
Accounts Payable and Other Current Liabilities	2,846,361
Unearned Revenue	693,236
Long-Term Liabilities:	
Due Within One Year	8,672,953
Due In More Than One Year	<u>300,371,469</u>
Total Liabilities	<u>312,584,019</u>
<b>Deferred Inflows of Resources</b>	<u>3,979,816</u>
<b>Net Position</b>	
Net Investment in Capital Assets	(87,087,218)
Restricted For:	
Capital Projects	6,786,168
Debt Service	7,238,262
Educational Programs	684,547
Other Purposes (Expendable)	33,950
Other Purposes (Nonexpendable)	85,625
Unrestricted	<u>(53,505,834)</u>
Total Net Position	<u><u>\$ (125,764,500)</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, 2020

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
<b>Governmental Activities</b>					<b>Governmental Activities</b>
Instruction	\$ 42,976,859	\$ 167,462	\$ 7,539,574	\$ -	\$ (35,269,823)
Instruction-Related Services:					
Instructional Supervision and Administration	1,152,802	-	266,322	-	(886,480)
Instructional Library, Media and Technology	541,302	-	191	-	(541,111)
School Site Administration	3,350,697	-	109,521	-	(3,241,176)
Pupil Services:					
Home-to-School Transportation	849,570	-	2,799	-	(846,771)
Food Services	2,386,485	12,816	1,876,866	-	(496,803)
All Other Pupil Services	3,960,850	595	511,669	-	(3,448,586)
General Administration:					
Centralized Data Processing	1,077,490	-	4,568	-	(1,072,922)
All Other General Administration	3,960,564	4,377	245,012	-	(3,711,175)
Plant Services	5,744,743	1,788	195,293	-	(5,547,662)
Ancillary Services	25,498	-	-	-	(25,498)
Interest on Long-Term Debt	11,031,326	-	-	-	(11,031,326)
Transfers Between Agencies	185,084	2,322,404	326,205	-	2,463,525
Depreciation (Unallocated)	4,937,520	-	-	-	(4,937,520)
Total Governmental Activities	<u>\$ 82,180,790</u>	<u>\$ 2,509,442</u>	<u>\$ 11,078,020</u>	<u>\$ -</u>	<u>(68,593,328)</u>
<b>General Revenues</b>					
Taxes and Subventions:					
					\$ 22,495,702
					6,711,382
					3,721,536
					26,918,990
					125,955
					171,565
					<u>60,145,130</u>
					(8,448,198)
					(117,316,302)
					<u>\$ (125,764,500)</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, 2020

	General Fund	Blended Component Unit Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total
<b>Assets</b>					
Cash in County Treasury	\$ 2,687,635	\$ 2,850,076	\$ 7,238,262	\$ 951,351	\$ 13,727,324
Cash on Hand and in Banks	24,415	-	-	1,000	25,415
Cash in Revolving Fund	68,433	-	-	-	68,433
Cash with Fiscal Agent/Trustee	854,501	53,860	-	-	908,361
Accounts Receivable	4,489,916	-	-	767,988	5,257,904
Due from Other Funds	821,344	1,500,000	-	1,778,095	4,099,439
Stores Inventories	-	-	-	17,192	17,192
<b>Total Assets</b>	<b>\$ 8,946,244</b>	<b>\$ 4,403,936</b>	<b>\$ 7,238,262</b>	<b>\$ 3,515,626</b>	<b>\$ 24,104,068</b>
<b>Liabilities and Fund Balance:</b>					
Liabilities:					
Accounts Payable	\$ 1,681,996	\$ -	\$ -	\$ 65,317	\$ 1,747,313
Due to Other Funds	3,324,629	-	-	774,810	4,099,439
Unearned Revenue	451,111	-	-	242,125	693,236
Total Liabilities	5,457,736	-	-	1,082,252	6,539,988
Fund Balance:					
Nonspendable	68,433	-	-	17,192	85,625
Restricted	684,547	4,403,936	7,238,262	2,416,182	14,742,927
Unassigned	2,735,528	-	-	-	2,735,528
Total Fund Balance	3,488,508	4,403,936	7,238,262	2,433,374	17,564,080
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,946,244</b>	<b>\$ 4,403,936</b>	<b>\$ 7,238,262</b>	<b>\$ 3,515,626</b>	<b>\$ 24,104,068</b>

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, 2020

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**Total fund balances governmental funds:** \$ 17,564,080

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	203,968,627	
Accumulated depreciation	<u>(65,279,028)</u>	
	Net	138,689,599

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 unmaturing interest owing at the end of the period was: (1,099,048)

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	173,325,152	
Net pension liability	63,801,611	
Total OPEB liability	17,019,214	
Certificates of participation payable	50,496,614	
Principal apportionment plan	1,892,727	
Capital leases payable	1,447,791	
QZAB Bonds	507,260	
Compensated absences	<u>554,053</u>	
	Total	(309,044,422)

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, 2020

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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 net position was: 14,000,286

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	16,832,261	
Deferred inflows of resources relating to pensions	<u>(3,881,048)</u>	
Net		12,951,213

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

Deferred outflows of resources relating to OPEB	1,272,560	
Deferred inflows of resources relating to OPEB	<u>(98,768)</u>	
Net		1,173,792

**Total net position governmental activities:** \$ (125,764,500)

# San Ysidro School District

## Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Year Ended June 30, 2020

	General Fund	Blended Component Unit Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total
<b>Revenues</b>					
State Apportionment	\$ 26,079,782	\$ -	\$ -	\$ -	\$ 26,079,782
Education Protection Account Funds	690,565	-	-	-	690,565
Property Taxes	22,495,701	3,303,053	6,687,966	-	32,486,720
Federal Revenue	3,855,758	-	-	2,594,737	6,450,495
Other State Revenue	5,623,166	-	20,679	1,218,566	6,862,411
Interest	138,268	53,474	115,865	12,384	319,991
Other Local Revenue	3,478,537	5,453	-	1,691,134	5,175,124
Total Revenues	<u>\$ 62,361,777</u>	<u>\$ 3,361,980</u>	<u>\$ 6,824,510</u>	<u>\$ 5,516,821</u>	<u>\$ 78,065,088</u>
<b>Expenditures</b>					
Current Expenditures:					
Instruction	40,124,062	-	-	983,684	41,107,746
Instruction - Related Services	4,656,996	-	-	271,382	4,928,378
Pupil Services	4,619,206	-	-	2,688,106	7,307,312
Ancillary Services	25,498	-	-	-	25,498
General Administration	4,837,557	-	-	104,183	4,941,740
Plant Services	5,595,050	10,000	-	116,809	5,721,859
Transfers Between Agencies	185,083	-	-	-	185,083
Capital Outlay	279,121	-	-	5,896	285,017
Debt Service:					
Principal	450,704	-	4,270,741	1,225,000	5,946,445
Interest	751,758	-	2,060,803	1,372,831	4,185,392
Total Expenditures	<u>61,525,035</u>	<u>10,000</u>	<u>6,331,544</u>	<u>6,767,891</u>	<u>74,634,470</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>836,742</u>	<u>3,351,980</u>	<u>492,966</u>	<u>(1,251,070)</u>	<u>3,430,618</u>
<b>Other Financing Sources (Uses):</b>					
Transfers In	46,535	-	-	2,622,651	2,669,186
Transfers Out	(24,820)	(2,597,831)	-	(46,535)	(2,669,186)
Total Other Financing Sources (Uses)	<u>21,715</u>	<u>(2,597,831)</u>	<u>-</u>	<u>2,576,116</u>	<u>-</u>
Net Change in Fund Balance	858,457	754,149	492,966	1,325,046	3,430,618
Fund Balance, Beginning of Year	<u>2,630,051</u>	<u>3,649,787</u>	<u>6,745,296</u>	<u>1,108,328</u>	<u>14,133,462</u>
Fund Balance, End of Year	<u>\$ 3,488,508</u>	<u>\$ 4,403,936</u>	<u>\$ 7,238,262</u>	<u>\$ 2,433,374</u>	<u>\$ 17,564,080</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, 2020

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**Total change in fund balances, governmental funds:** \$ 3,430,618

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	352,013	
Depreciation expense	<u>(4,937,520)</u>	
	Net	(4,585,507)

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: 4,053,718

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: (6,391,294)

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: (181,333)

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: (3,474,014)

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, 2020

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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 recorded on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was: (845,746)

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 is: (454,640)

**Change in net position of governmental activities:** \$ (8,448,198)

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

**San Ysidro School District**

Statement of Net Position – Fiduciary Funds

June 30, 2020

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	Agency Fund
	Student Body Fund
<b>Assets</b>	
Cash on Hand and in Banks	\$ 64,366
Total Assets	<u>64,366</u>
<b>Liabilities</b>	
Due to Student Groups	\$ 64,366
Total Liabilities	<u>64,366</u>
<b>Net Position</b>	
Total Net Position	<u>\$ -</u>

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, 2020

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### 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, 2020

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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, 2020

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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.

**Capital Projects Fund for Blended Component Units:** 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.

**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:

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

**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*).

## San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2020

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**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:

**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*).

**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*).

**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.

### *Fiduciary Funds*

**Trust and Agency Funds:** Trust and agency funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the District’s own programs. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held. The District maintains the following agency fund:

# San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2020

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**Student Body Fund:** The student body fund is an agency fund, and therefore, consists only of accounts such as cash and balancing liability accounts, such as due to student groups. The student body itself maintains its own general fund, which accounts for the transactions of that entity in raising and expending money to promote the general welfare, morale, and educational experiences of the student body (*Education Code §48930 through §48938*).

#### 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, 2020

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## 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 1<sup>st</sup>. 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, 2020

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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, 2020

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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, 2020

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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 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, 2020

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*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, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

# San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2020

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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	June 30, 2019
Measurement Date	June 30, 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, 2020

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### 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, 2020. Those newly implemented pronouncements are as follows:

#### *GASB Statement No. 95 – Postponement of the Effective Dates of Certain Authoritative Guidance*

The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later.

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

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

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

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

There have been no adjustments to the financial statements or note disclosures as a result of adoption of the accounting policies.

# San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2020

## 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, 2020, 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>
Investments by fair value level				
U.S. Bank Money Market Funds	\$ 826,483	\$ 826,483	\$ -	\$ -
U.S. Bank Investment Agreement	81,878		81,878	
Total investments by fair value level	<u>\$ 908,361</u>	<u>\$ 826,483</u>	<u>\$ 81,878</u>	<u>\$ -</u>
External investment pools measured at fair value				
San Diego County Treasury	\$ 13,727,324	\$ -	\$ 13,727,324	\$ -
Total investments by fair value level	<u>\$ 13,727,324</u>	<u>\$ -</u>	<u>\$ 13,727,324</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, 2020

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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

### 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 (\$13,727,324 as of June 30, 2020). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$13,727,324. 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 (\$89,781 as of June 30, 2020) and in revolving fund (\$68,433 as of June 30, 2020) 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, 2020 are shown below:

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
U.S. Bank Investment Agreement	04/15/23	81,878
U.S. Money Market Funds	< 30 days	826,483

# San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2020

## 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, 2020

## 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, 2020, 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, 2020, 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, 2020

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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, 2020.

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, 2020

## 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, 2020 consisted of:

	General Fund	Nonmajor Governmental Funds	Total
Federal Government:			
Title I	\$ 350,681	\$ -	\$ 350,681
Special Education	1,874,246	-	1,874,246
ESS Emergency Relief	250,165	-	250,165
Title IV 21st Century	131,423	-	131,423
National School Lunch	-	593,291	593,291
Head Start Program	-	40,860	40,860
State Government:			
LCFF State Aid	1,447,218	-	1,447,218
Lottery	227,842	-	227,842
Special Education	208,341	-	208,341
Child Nutrition Program	-	50,872	50,872
State Preschool	-	74,170	74,170
Local Sources			
Other Local Revenues	-	8,795	8,795
Total Accounts Receivable	<u>\$ 4,489,916</u>	<u>\$ 767,988</u>	<u>\$ 5,257,904</u>

# San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2020

## F. Capital Assets

Capital asset activity for the year ended June 30, 2020, 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	-	66,996
Total capital assets not being depreciated	<u>45,896,267</u>	<u>66,996</u>	<u>-</u>	<u>45,963,263</u>
Capital assets being depreciated:				
Land improvements	19,923,026	-	-	19,923,026
Buildings and improvements	134,496,808	222,111	-	134,718,919
Equipment	3,300,513	62,906	-	3,363,419
Total capital assets being depreciated	<u>157,720,347</u>	<u>285,017</u>	<u>-</u>	<u>158,005,364</u>
Less accumulated depreciation for:				
Land improvements	(14,843,189)	(955,583)	-	(15,798,772)
Buildings and improvements	(42,954,713)	(3,846,798)	-	(46,801,511)
Equipment	(2,543,606)	(135,139)	-	(2,678,745)
Total accumulated depreciation	<u>(60,341,508)</u>	<u>(4,937,520)</u>	<u>-</u>	<u>(65,279,028)</u>
Total capital assets being depreciated, net	<u>97,378,839</u>	<u>(4,652,503)</u>	<u>-</u>	<u>92,726,336</u>
Governmental activities capital assets, net	<u>\$ 143,275,106</u>	<u>\$ (4,585,507)</u>	<u>\$ -</u>	<u>\$ 138,689,599</u>

Depreciation was charged to functions as follows:

Unallocated Depreciation	<u>\$ 4,937,520</u>
Totals	<u>\$ 4,937,520</u>

# San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2020

## G. Interfund Balances & Activities

### 1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2020 consisted of the following:

<u>Interfund Receivable</u> <u>(Due From Other Funds)</u>	<u>Interfund Payable</u> <u>(Due To Other Funds)</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Non Major Governmental Funds	\$ 643,994	Interfund borrowing
General Fund	Non Major Governmental Funds	130,815	Clear year end payroll liabilities
General Fund	General Fund	46,535	Administrative fees
Non Major Governmental Funds	General Fund	28,095	Cover deficit balance and reclass expense
Non Major Governmental Funds	General Fund	1,750,000	Interfund borrowing
Blended Component Unit Fund	General Fund	1,500,000	Interfund borrowing
	Total	<u>\$ 4,099,439</u>	

### 2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2020, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Non Major Governmental Funds	\$ 46,535	Administration fees charged
Non Major Governmental Funds	General Fund	24,820	Cover deficit cash balance in fund
Non Major Governmental Funds	Blended Component Unit Fund	2,597,831	COPS debt service payment
	Total	<u>\$ 2,669,186</u>	

# San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2020

## H. Accounts Payable

Accounts payable balances as of June 30, 2020 consisted of:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Vendors Payable	\$ 192,773	\$ 65,317	\$ 258,090
Payroll and Benefits	42,031	-	42,031
EPA State Aid Repayment	684,896	-	684,896
LCFF Repayment	762,296	-	762,296
Total Accounts Payable	<u>\$ 1,681,996</u>	<u>\$ 65,317</u>	<u>\$ 1,747,313</u>

## I. Unearned Revenue

Unearned revenue balances as of June 30, 2020 consisted of:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Federal Programs			
ESSA School Improvement	\$ 51,060	\$ -	\$ 51,060
Title II Supporting Effective Instruction	56,155	-	56,155
Title IV Student Support	116,831	-	116,831
Title III Immigrant	10,812	-	10,812
Title III English Learner	146,148	-	146,148
Title X McKinney Vento Homeless	54,018	-	54,018
Head Start Program	-	230,529	230,529
Team Nutrition Training	-	11,596	11,596
Local Sources			
After School Education and Safety	16,087	-	16,087
Total Unearned Revenue	<u>\$ 451,111</u>	<u>\$ 242,125</u>	<u>\$ 693,236</u>

# San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2020

## J. Fund Balance Classifications of the Governmental Funds

Ending fund balance classifications of the governmental funds for the year ended June 30, 2020 consisted of:

	Major Governmental Funds				
	General Fund	Capital Project Fund For Blended Component Units	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable Fund Balance					
Revolving Cash	\$ 68,433	\$ -	\$ -	\$ -	\$ 68,433
Stores Inventory	-	-	-	17,192	17,192
<b>Total Nonspendable Fund Balance</b>	<b>68,433</b>	<b>-</b>	<b>-</b>	<b>17,192</b>	<b>85,625</b>
Restricted Fund Balance					
Medi Cal Billing Option	23,329	-	-	-	23,329
Lottery Instructional Materials	190,853	-	-	-	190,853
Professional Development Grant	33,138	-	-	-	33,138
Low Performing Students Grant	71,929	-	-	-	71,929
Other Restricted Local	365,298	-	-	-	365,298
Child Nutrition	-	-	-	17,193	17,193
Child Development	-	-	-	16,756	16,756
Debt Service	-	-	7,238,262	-	7,238,262
Capital Projects	-	4,403,936	-	2,382,233	6,786,169
<b>Total Restricted Fund Balance</b>	<b>684,547</b>	<b>4,403,936</b>	<b>7,238,262</b>	<b>2,416,182</b>	<b>14,742,927</b>
Unassigned Fund Balance					
For Economic Uncertainties	2,735,528	-	-	-	2,735,528
<b>Total Unassigned Fund Balance</b>	<b>2,735,528</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,735,528</b>
<b>Total Fund Balance</b>	<b>\$ 3,488,508</b>	<b>\$ 4,403,936</b>	<b>\$ 7,238,262</b>	<b>\$ 2,433,374</b>	<b>\$ 17,564,080</b>

## 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, 2020

## 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, 2020, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 120,143,871	\$ -	\$ 4,270,740	\$ 115,873,131	\$ 4,594,821
Accreted Interest	47,501,018	7,538,897	994,259	54,045,656	1,140,179
Bond Premiums	3,596,109	-	189,744	3,406,365	194,599
Total GO Bonds	<u>171,240,998</u>	<u>7,538,897</u>	<u>5,454,743</u>	<u>173,325,152</u>	<u>5,929,599</u>
Certificates of Participation	48,069,715	-	1,225,000	46,844,715	1,325,000
Accreted Interest	503,080	90,215	-	593,295	-
COPS Premiums/Discounts	3,188,865	-	130,261	3,058,604	136,765
Total Certificates of Participation	<u>51,761,660</u>	<u>90,215</u>	<u>1,355,261</u>	<u>50,496,614</u>	<u>1,461,765</u>
Capital Leases	1,644,865	-	197,074	1,447,791	203,516
QZAB Bonds	760,890	-	253,630	507,260	253,630
Principal Apportionment Plan	-	2,163,117	270,390	1,892,727	270,390
Total OPEB Liability	15,092,409	1,926,805	-	17,019,214	-
Net Pension Liability	62,053,765	1,747,846	-	63,801,611	-
Compensated Absences*	372,720	181,333	-	554,053	554,053
Total Governmental Activities	<u>\$ 302,927,307</u>	<u>\$ 13,648,213</u>	<u>\$ 7,531,098</u>	<u>\$ 309,044,422</u>	<u>\$ 8,672,953</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, 2020

## 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 remains unissued.

General obligation bonds at June 30, 2020 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
Total GO Bonds				<u>\$ 180,666,051</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
1997 Election Series D					
Principal	\$ 14,436,102	\$ -	\$ 1,010,740	\$ 13,425,362	\$ 1,034,821
Accreted Interest	15,054,495	1,498,554	994,259	15,558,790	1,140,179
Bond Premium	215,875	-	19,625	196,250	19,625
1997 Election Series E					
Principal	14,137,741	-	-	14,137,741	-
Accreted Interest	10,942,621	1,322,468	-	12,265,089	-
Bond Premium	152,666	-	-	152,666	-
1997 Election Series F					
Principal	580,702	-	-	580,702	-
Accreted Interest	719,328	145,565	-	864,893	-
Bond Premium	75,294	-	-	75,294	-
1997 Election Series G					
Principal	28,990,884	-	-	28,990,884	-
Accreted Interest	13,178,173	2,443,614	-	15,621,787	-
Bond Premium	707,687	-	30,770	676,917	30,770
2012 Refunding Bonds					
Principal	17,700,000	-	2,050,000	15,650,000	2,185,000
Bond Premium	1,141,228	-	103,748	1,037,480	103,748
2015 Refunding Bonds					
Principal	44,298,442	-	1,210,000	43,088,442	1,375,000
Accreted Interest	7,606,401	2,128,696	-	9,735,097	-
Bond Premium	1,303,359	-	35,601	1,267,758	40,456
Total	<u>\$ 171,240,998</u>	<u>\$ 7,538,897</u>	<u>\$ 5,454,743</u>	<u>\$ 173,325,152</u>	<u>\$ 5,929,599</u>

## San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2020

The annual requirements to amortize the bonds outstanding at June 30, 2020 are as follows:

Year Ended June 30,	Principal	Interest	Accreted Interest	Total
2021	\$ 4,594,821	\$ 956,744	\$ 1,140,179	\$ 6,691,744
2022	4,862,218	875,869	1,292,782	7,030,869
2023	4,715,024	773,869	1,804,976	7,293,869
2024	5,018,132	622,950	1,996,868	7,637,950
2025	5,326,776	445,300	2,283,224	8,055,300
2026-2030	21,209,357	620,602	26,410,643	48,240,602
2031-2035	16,174,037	-	39,915,963	56,090,000
2036-2040	17,720,723	-	53,874,277	71,595,000
2041-2045	18,443,646	-	75,991,354	94,435,000
2046-2050	17,808,397	-	78,221,603	96,030,000
Total	<u>\$ 115,873,131</u>	<u>\$ 4,295,334</u>	<u>\$ 282,931,869</u>	<u>\$ 403,100,334</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, 2020.

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, 2020

## 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:

	Bonds 1997 Series D	Bonds 1997 Series E	Bonds 1997 Series F
Total Interest Payments	\$ 30,814,643	\$ 43,043,707	\$ 213,389,044
Less Bond Premium	(594,306)	(723,738)	(1,090,083)
Net Interest Payments	<u>\$ 30,220,337</u>	<u>\$ 42,319,969</u>	<u>\$ 212,298,961</u>
PAR Amount of Bonds	24,619,363	33,952,741	17,599,623
Periods	25	25	39
Effective Interest Rate	4.91%	4.99%	30.93%

	Bonds 1997 Series G	2012 Refunding Bonds	2015 Refunding Bonds
Total Interest Payments	\$ 88,034,116	\$ 9,538,616	\$ 128,956,075
Less Bond Premium	(925,828)	(1,867,466)	(1,342,933)
Net Interest Payments	<u>\$ 87,108,288</u>	<u>\$ 7,671,150</u>	<u>\$ 127,613,142</u>
PAR Amount of Bonds	28,990,884	29,860,000	45,643,442
Periods	30	18	34
Effective Interest Rate	10.02%	1.43%	8.22%

### 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, 2020 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 Refunding COPs	08/18/15	1.75-5.00%	09/01/34	21,585,000
2016 Refunding 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
Total COPs				<u>\$ 52,499,715</u>

# San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2020

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
2012 COPs					
Principal	\$ 9,999,715	\$ -	\$ 95,000	\$ 9,904,715	\$ 110,000
Accreted Interest	503,080	90,215	-	593,295	-
COPs Discount	(29,762)	-	(1,294)	(28,468)	(1,294)
2015 Refunding COPs					
Principal	17,735,000	-	980,000	16,755,000	1,055,000
COPs Premium	1,280,786	-	70,774	1,210,012	76,190
2016 Refunding COPs					
Principal	6,335,000	-	150,000	6,185,000	160,000
COPs Premium	689,177	-	16,318	672,859	17,406
2017 COPs					
Principal	14,000,000	-	-	14,000,000	-
COPs Premium	1,248,664	-	44,463	1,204,201	44,463
Total COPs	<u>\$ 51,761,660</u>	<u>\$ 90,215</u>	<u>\$ 1,355,261</u>	<u>\$ 50,496,614</u>	<u>\$ 1,461,765</u>

The annual requirements to amortize the certificates of participation at June 30, 2020 are as follows:

Year Ended June 30,	Principal	Interest	Accreted Interest	Total
2021	\$ 1,325,000	\$ 2,039,425	\$ -	\$ 3,364,425
2022	1,415,000	2,012,082	-	3,427,082
2023	1,505,000	1,981,154	-	3,486,154
2024	1,635,000	1,927,525	-	3,562,525
2025	1,805,000	1,850,519	-	3,655,519
2026-2030	9,255,000	8,551,747	-	17,806,747
2031-2035	11,750,000	6,385,976	-	18,135,976
2036-2040	9,022,151	3,778,660	627,849	13,428,660
2041-2045	5,197,564	1,807,260	707,436	7,712,260
2046-2050	3,935,000	404,250	-	4,339,250
Total	<u>\$ 46,844,715</u>	<u>\$ 30,738,598</u>	<u>\$ 1,335,285</u>	<u>\$ 78,918,598</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, 2020.

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, 2020

## 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:

	COPS 2012	COPS 2015	COPS 2016	COPS 2017
Total Interest Payments	\$ 10,853,144	\$ 9,324,060	\$ 3,376,150	\$ 16,255,361
Less COPS Premium	-	(1,558,824)	(707,671)	(1,333,885)
Plus Discount	39,620	-	-	-
Net Interest Payments	<u>\$ 10,892,764</u>	<u>\$ 7,765,236</u>	<u>\$ 2,668,479</u>	<u>\$ 14,921,476</u>
PAR Amount of COPS	10,409,715	21,585,000	6,505,000	14,000,000
Periods	30	20	21	30
Effective Interest Rate	3.49%	1.80%	1.95%	3.55%

## 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%.

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of June 30, 2020 as follows:

Year Ended June 30,	Principal	Interest	Total
2021	\$ 203,516	\$ 45,316	\$ 248,832
2022	210,170	38,662	248,832
2023	217,041	31,791	248,832
2024	224,137	24,695	248,832
2025	231,465	17,367	248,832
2026-2030	361,462	11,785	373,247
Total	<u>\$ 1,447,791</u>	<u>\$ 169,616</u>	<u>\$ 1,617,407</u>

# San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2020

## 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, 2020 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, 2020 consisted of:

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>
QZAB Bonds	10/14/05	N/A	10/27/21	\$ 5,000,000
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
QZAB Bonds	<u>\$ 760,890</u>	<u>\$ -</u>	<u>\$ 253,630</u>	<u>\$ 507,260</u>

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

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 253,630	\$ -	\$ 253,630
2022	253,630	-	253,630
Total	<u>\$ 507,260</u>	<u>\$ -</u>	<u>\$ 507,260</u>

# San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2020

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## 6. Principal Apportionment Repayment Plan

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	Principal
June 30,	
2021	\$ 270,390
2022	270,390
2023	270,390
2024	270,390
2025	270,390
2026-2030	540,777
Total	<u>\$ 1,892,727</u>

## 7. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2020 amounted to \$554,053. This amount is included as part of long-term liabilities in the government-wide financial statements.

## 8. Net Pension Liability

The District's beginning net pension liability was \$62,053,765 and increased by \$1,747,846 during the year ended June 30, 2020 for a ending net pension liability of \$63,801,611. See Note M for additional information regarding the net pension liability.

## 9. Total OPEB Liability

The District's beginning total OPEB liability was \$15,092,409 and increased by \$1,926,805 during the year ended June 30, 2020 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, 2020

## 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, 2020 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 (at June 30, 2020)	10.250%	10.205%
Required Employer Contribution Rates (at June 30, 2020)	17.100%	17.100%
Required State Contribution Rates (at June 30, 2020)	10.328%	10.328%

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

\*\*The rate imposed on CalSTRS 2% at 62 members is based on the normal cost of benefits.

**San Ysidro School District**

Notes to the Financial Statements, Continued

June 30, 2020

	CalPERS	
	Before Jan. 1, 2013	After Jan. 1, 2013
Hire Date		
Benefit Formula	2% at 55	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 (at June 30, 2020)	7.000%	7.000%
Required Employer Contribution Rates (at June 30, 2020)	19.721%	19.721%

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

\*\*The rate imposed on CalPERS 2% at 62 members is based on the normal cost of benefits.

c. Contributions

*CalSTRS*

For the fiscal year ended June 30, 2020 (measurement date June 30, 2019), 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 17.10% of creditable compensation for the fiscal year ended June 30, 2020. 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.

*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, 2020 (measurement date June 30, 2019), the employee contribution rate was 7.00% and the employer contribution rate was 19.721% of covered payroll.

## San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2020

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### *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, 2020 (measurement date June 30, 2019) 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 States 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	On Behalf	On Behalf	On Behalf
June 30,	Contribution	Contribution	Pension
	Rate	Amount	Expense
2018	8.292%	\$ 1,962,761	\$ 817,937
2019	14.793%	3,623,300	(714,281)
2020	10.328%	2,459,957	777,619

CalPERS			
Year Ended	On Behalf	On Behalf	On Behalf
June 30,	Contribution	Contribution	Pension
	Rate	Amount	Expense
2019	8.242%	\$ 896,186	\$ -

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 as a continuing settlement associated with SB90. As a result, on behalf contributions for the years ended June 30, 2019 and June 30, 2020 are not comparable to the year June 30, 2018 as presented.



# San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2020

d. Contributions Recognized

For the fiscal year ended June 30, 2020 (measurement period June 30, 2019), the contributions recognized for each plan were:

	Fund Financial Statements (Current Financial Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 4,072,934	\$ 2,126,019	\$ 6,198,953
Contributions - State On Behalf Payments	2,459,957	-	2,459,957
Total Contributions	<u>\$ 6,532,891</u>	<u>\$ 2,126,019</u>	<u>\$ 8,658,910</u>

	Government-Wide Financial Statements (Economic Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 3,415,520	\$ 1,638,040	\$ 5,053,560
Contributions - State On Behalf Payments	2,459,957	-	2,459,957
Total Contributions	<u>\$ 5,875,477</u>	<u>\$ 1,638,040</u>	<u>\$ 7,513,517</u>

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

As of June 30, 2019 (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	\$ 41,156,819
CalPERS	<u>22,644,792</u>
Total	<u>\$ 63,801,611</u>

# San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2020

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, 2019. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to measurement date June 30, 2019 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, 2019 and June 30, 2020 were as follows:

	CalSTRS			CalPERS
	District's Proportionate Share	State's Proportionate Share*	Total For District Employees	District's Proportionate Share
Proportion June 30, 2019	0.04457%	0.02486%	0.06943%	0.07910%
Proportion June 30, 2020	0.04557%	0.02414%	0.06971%	0.07770%
Change in Proportion	0.00100%	-0.00072%	0.00028%	-0.00140%

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

a. Pension Expense

	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	\$ 193,871	\$ 1,553,975	\$ 1,747,846
State On Behalf Pension Expense	777,619	-	777,619
Employer Contributions to Pension Expense	4,072,934	2,126,019	6,198,953
(Increase) Decrease in Deferred Outflows of Resources	1,467,747	1,023,121	2,490,868
Increase (Decrease) in Deferred Inflows of Resources	(1,066,818)	302,118	(764,700)
Total Pension Expense	\$ 5,445,353	\$ 5,005,233	\$ 10,450,586

# San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2020

## b. Deferred Outflows and Inflows of Resources

At June 30, 2020, The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		
	<u>CalSTRS</u>	<u>CalPERS</u>	<u>Total</u>
Pension contributions subsequent to measurement date	\$ 4,072,934	\$ 2,126,019	\$ 6,198,953
Differences between actual and expected experience	82,767	1,959,564	2,042,331
Changes in assumptions	3,455,205	1,584,532	5,039,737
Changes in employer's proportionate share	2,052,342	1,498,898	3,551,240
Total Deferred Outflows of Resources	<u>\$ 9,663,248</u>	<u>\$ 7,169,013</u>	<u>\$ 16,832,261</u>

	<u>Deferred Inflows of Resources</u>		
	<u>CalSTRS</u>	<u>CalPERS</u>	<u>Total</u>
Differences between actual and expected experience	\$ (751,961)	-	\$ (751,961)
Changes in employer's proportionate share	(9,942)	(299,054)	(308,996)
Net difference between projected and actual earnings	(2,556,297)	(263,794)	(2,820,091)
Total Deferred Inflows of Resources	<u>\$ (3,318,200)</u>	<u>\$ (562,848)</u>	<u>\$ (3,881,048)</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, 2020. 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,	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>		Net Effect on Expenses
	<u>CalSTRS</u>	<u>CalPERS</u>	<u>CalSTRS</u>	<u>CalPERS</u>	
2021	\$ 6,538,551	\$ 4,256,856	\$ (1,358,696)	\$ 65,209	\$ 9,501,920
2022	2,465,616	1,856,022	(1,350,091)	(473,092)	2,498,455
2023	454,759	838,764	(404,089)	(139,726)	749,708
2024	204,322	217,371	(55,451)	(15,239)	351,003
2025	-	-	(149,871)	-	(149,871)
Thereafter	-	-	(2)	-	(2)
Total	<u>\$ 9,663,248</u>	<u>\$ 7,169,013</u>	<u>\$ (3,318,200)</u>	<u>\$ (562,848)</u>	<u>\$ 12,951,213</u>

# San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2020

c. Actuarial Assumptions

Total pension liabilities for the fiscal year ended June 30, 2020 were based on actuarial valuations determined using the following actuarial assumptions:

	<u>CalSTRS</u>	<u>CalPERS</u>
Fiscal Year	June 30, 2020	June 30, 2020
Measurement Date	June 30, 2019	June 30, 2019
Valuation Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
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 for DB (annually) maintaining 85% purchasing power level for DB. Increases are not applicable for DBS/CBB.
- (2) CalSTRS projects mortality by setting the projection scale equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) tables issued by the Society of Actuaries.
- (3) Wage growth is a component of inflation for CalPERS assumptions.
- (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.

d. 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.

## San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2020

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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. The last ALM completed by CalSTRS was conducted in 2015. CalSTRS is in process of completing the next ALM with an initial expected completion date of November 2019. 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, 2020

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*
Global Equity	47.00%	4.80%
Fixed Income	12.00%	1.30%
Real Estate	13.00%	3.60%
Private Equity	13.00%	6.30%
Risk Mitigating Strategies	9.00%	1.80%
Inflation Sensitive	4.00%	3.30%
Cash/Liquidity	2.00%	-0.40%

\*20 year average

### CalPERS

Asset Class*	Assumed Asset Allocation	Real Return Years 1-10**	Real Return Years 11+***
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%

\*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.

\*\*An expected inflation of 2.00% is used for this period.

\*\*\*An expected inflation of 2.92% is used for this period.

# San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2020

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e. 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	\$ 61,350,910	\$ 30,707,221
Current Discount Rate	7.10%	7.15%
Net Pension Liability	\$ 41,156,819	\$ 22,644,792
1% Increase	8.10%	8.15%
Net Pension Liability	\$ 25,738,741	\$ 13,112,633

# San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2020

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

### CalSTRS

	Increase (Decrease)				
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	State's Share of Net Pension Liability (c)	District's Share of Net Pension Liability (a) - (b) - (c)
<b>Balance at June 30, 2019</b>					
(Previously Reported)	\$ 219,941,751	\$ 156,129,805	\$ 63,811,946	\$ 22,848,998	\$ 40,962,948
<b>Changes for the year:</b>					
CalSTRS Auditor Adjustment	-	(1,268)	1,268	439	829
Change in prop. share	886,977	629,637	257,340	(660,811)	918,151
Service cost	4,918,111	-	4,918,111	1,703,218	3,214,893
Interest	15,655,696	-	15,655,696	5,421,810	10,233,886
Difference between expected and actual experience	(1,287,562)	-	(1,287,562)	(445,903)	(841,659)
Change in benefits	22,308	-	22,308	7,725	14,583
Contributions:					
Employer	-	3,934,818	(3,934,818)	(1,362,688)	(2,572,130)
Employee	-	2,543,057	(2,543,057)	(880,700)	(1,662,357)
State On Behalf	-	3,718,984	(3,718,984)	(1,287,942)	(2,431,042)
Net investment income	-	10,385,428	(10,385,428)	(3,596,635)	(6,788,793)
Other income	-	88,953	(88,953)	(30,806)	(58,147)
Benefit payments, including refunds of employee contributions	(10,662,981)	(10,662,981)	-	-	-
Administrative expenses	-	(177,033)	177,033	61,309	115,724
Borrowing costs	-	(73,410)	73,410	25,423	47,987
Other expenses	-	(2,979)	2,979	1,033	1,946
Net changes	<u>9,532,549</u>	<u>10,383,206</u>	<u>(850,657)</u>	<u>(1,044,528)</u>	<u>193,871</u>
<b>Balance at June 30, 2020</b>	<u>\$ 229,474,300</u>	<u>\$ 166,513,011</u>	<u>\$ 62,961,289</u>	<u>\$ 21,804,470</u>	<u>\$ 41,156,819</u>



# San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2020

## CalPERS

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balance at June 30, 2019</b>			
(Previously Reported)	\$ 72,345,208	\$ 51,254,391	\$ 21,090,817
<b>Changes for the year:</b>			
Change in prop. share	(1,282,259)	(908,442)	(373,817)
Service cost	1,730,199	-	1,730,199
Interest	5,099,805	-	5,099,805
Difference between expected and actual experience	1,086,851	-	1,086,851
Change in assumptions	-	-	-
Contributions:			
Employer	-	1,964,017	(1,964,017)
Employee	-	787,922	(787,922)
Plan to plan res. movement	-	236	(236)
Net investment income	-	3,272,636	(3,272,636)
Benefit payments, including refunds of employee contributions	(3,377,906)	(3,377,906)	-
Administrative expenses	-	(35,865)	35,865
Other expenses	-	117	(117)
Net changes	<u>3,256,690</u>	<u>1,702,715</u>	<u>1,553,975</u>
<b>Balance at June 30, 2020</b>	<u>\$ 75,601,898</u>	<u>\$ 52,957,106</u>	<u>\$ 22,644,792</u>

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, 2020

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## 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, 2020

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### 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, 2020 for fiscal year June 30, 2020:

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 \$17,019,214 was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 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	3.15%
Healthcare cost trend rates	6.50% decreasing to 5.00%
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, 2020

## 7. Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2019	\$ 15,092,409
Changes for the year:	
Service cost	691,833
Interest	544,221
Changes of assumptions	590,377
Difference between expected and actual experience	570,501
Benefit payments	<u>(470,127)</u>
Net change	<u>1,926,805</u>
Balance at June 30, 2020	<u>\$ 17,019,214</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:

	<u>1% Decrease (2.15%)</u>	<u>Valuation Discount Rate (3.15%)</u>	<u>1% Increase (4.15%)</u>
Total OPEB Liability	\$ 18,497,604	\$ 17,019,214	\$ 15,645,254

## 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:

	<u>1% Decrease 5.50%</u>	<u>Healthcare Cost Trends Rate 6.50%</u>	<u>1% Increase 7.50%</u>
	<u>Decreasing to 4.00%</u>	<u>Decreasing to 5.00%</u>	<u>Decreasing to 6.00%</u>
Total OPEB Liability	\$ 15,209,749	\$ 17,019,214	\$ 19,114,380

# San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2020

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

For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$1,348,578. At June 30, 2020 the District reported the following Deferred Outflows and Deferred Inflows of Resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 524,780	\$ 98,768
Difference between expected and actual experience	507,112	-
Contributions made subsequent to measurement date	240,668	-
Total	<u>\$ 1,272,560</u>	<u>\$ 98,768</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:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Effect on OPEB Expense
2021	\$ 369,654	\$ (16,462)	\$ 353,192
2022	128,986	(16,462)	112,524
2022	128,986	(16,462)	112,524
2023	128,986	(16,462)	112,524
2024	128,986	(16,462)	112,524
Thereafter	386,962	(16,458)	370,504
Total	<u>\$ 1,272,560</u>	<u>\$ (98,768)</u>	<u>\$ 1,173,792</u>

## San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2020

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### 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.

# San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2020

## P. 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.

## Q. 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, 2020.

### 3. Construction Commitments

As of June 30, 2020, 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 2021
Soccer Mini Pitch	20,000	June 2021
Long Range Master Facility Plan	60,000	June 2021

\*Expected date of completion subject to change

# San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2020

## R. 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, 2020 is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
2012 Loss on Refunding Bond	\$ 1,372,228	\$ -	\$ 124,748	\$ 1,247,480
2015 Loss on Refunding Bond	10,876,646	-	362,544	10,514,102
2015 Loss on Refunding COPs	922,464	-	57,654	864,810
2016 Loss on Refunding COPs	579,090	-	30,748	548,342
Prepaid Debt Insurance	934,287	-	108,735	825,552
OPEB Related	207,963	1,272,560	207,963	1,272,560
Pension Related				
CalSTRS	11,130,995	4,991,085	6,458,832	9,663,248
CalPERS	8,192,134	3,212,870	4,235,991	7,169,013
Total Deferred Outflows of Resources	\$ 34,215,807	\$ 9,476,515	\$ 11,587,215	\$ 32,105,107

Future amortization of deferred outflows is as follows:

Year Ending June 30,	Refunding Losses	Prepaid Debt Insurance	Pension Related	OPEB Related	Total
2021	\$ 575,694	\$ 108,735	\$ 10,795,407	\$ 369,654	\$ 11,849,490
2022	575,694	108,735	4,321,638	128,986	5,135,053
2023	575,694	108,735	1,293,523	128,986	2,106,938
2024	575,694	108,735	421,693	128,986	1,235,108
2025	575,694	108,735	-	128,986	813,415
Thereafter	10,296,264	281,877	-	386,962	10,965,103
Total	\$ 13,174,734	\$ 825,552	\$ 16,832,261	\$ 1,272,560	\$ 32,105,107



# San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2020

## S. 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, 2020 is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
OPEB Related	\$ 115,230	\$ -	\$ 16,462	\$ 98,768
Pension Related				
CalSTRS	4,385,018	369,564	1,436,382	3,318,200
CalPERS	260,730	76,195	(225,923)	562,848
Total Deferred Inflows of Resources	<u>\$ 4,760,978</u>	<u>\$ 445,759</u>	<u>\$ 1,226,921</u>	<u>\$ 3,979,816</u>

Future amortization of deferred inflows is as follows:

Year Ending June 30,	Pension Related	OPEB Related	Total
2021	\$ 1,293,487	\$ 16,462	\$ 1,309,949
2022	1,823,183	16,462	1,839,645
2023	543,815	16,462	560,277
2024	70,690	16,462	87,152
2025	149,873	16,462	166,335
Thereafter	-	16,458	16,458
Total	<u>\$ 3,881,048</u>	<u>\$ 98,768</u>	<u>\$ 3,979,816</u>

# San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2020

## T. 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
<b>GASB Statement 84, Fiduciary Activities</b>	01/2017	2020-21
<b>GASB Statement 87, Leases</b>	06/2017	2021-22
<b>GASB Statement 89, Accounting for Interest Cost Incurred before the End of a Construction Period</b>	06/2018	2021-22
<b>GASB Statement 90, Majority Equity Interest – an amendment of GASB Statements 14 and 61</b>	08/2018	2020-21
<b>GASB Statement 91, Conduit Debt Obligations</b>	05/2019	2022-23
<b>GASB Statement 92, Omnibus 2020</b>	01/2020	2021-22
<b>GASB Statement 93, Replacement of Interbank Offered Rates</b>	03/2020	2020-21
<b>GASB Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements</b>	03/2020	2022-23
<b>GASB Statement 96, Subscription-Based Information Technology Arrangements</b>	05/2020	2022-23
<b>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</b>	06/2020	2021-22
<b>GASB Implementation Guide No. 2019-1, Implementation Guidance Update – 2019</b>	04/2019	2020-21
<b>GASB Implementation Guide No. 2019-2, Fiduciary Activities</b>	06/2019	2020-21
<b>GASB Implementation Guide No. 2019-3, Leases</b>	08/2019	2021-22
<b>GASB Implementation Guide No. 2020-1, Implementation Guidance Update – 2020</b>	04/2020	2021-22

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, 2020

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## U. 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 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 can be re-opened. At this point in time the San Ysidro School District campuses remain closed until San Diego County meets the benchmark requirements.

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 has established a re-opening plan that they believe will provide 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. Due to timing of the grant disbursements, the San Ysidro School District did not expend any of the funds in the 2019-20 fiscal year. The funds remain available for the 2020-21 fiscal year. Additionally, for the 2019-20 fiscal year, the state placed all school districts in a hold harmless state shifting attendance reporting periods to a point prior to the pandemic to prevent sudden losses of attendance from impacting funding for the 2019-20 fiscal year. Finally, funding for the 2020-21 fiscal year is frozen at amounts provided in 2019-20 for all California school districts, with adjustments based on the Governor's budget. The District has established their 2020-21 budget with this in consideration.

# San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2020

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## V. Subsequent Events

### New Bond Issuance

#### *2020 General Obligation Bonds (Measure U)*

In September 2020, the District issued \$20,000,000 of 2020 Election, Series A, General Obligation Bonds (Tax Exempt) under Measure U for the purpose of financing improvements to and the acquisition of equipment and furnishings for various schools within the District, prepay certain lease obligations of the District, and pay a portion of the interest due on the bonds in addition to paying the costs of issuing the bonds. The issue consisted of \$8,690,000 in serial bonds with interest rates ranging from 3.00% to 4.00% with annual maturities from August 2021 through August 2025 and \$11,310,000 in term bonds with an interest rate of 4.00% with annual maturities from August 2036 through August 2045. Principal payments on the bonds are due August 1 of each year beginning August 1, 2021 while interest is payable semi-annually on February 1 and August 1 of each year commencing February 1, 2021 through maturity. Total proceeds of \$22,454,509 consisted of \$20,000,000 in bonds and \$2,454,509 in bond premium with \$19,849,958 being deposited into the Building Fund (21) with \$2,000,006 being deposited in the Bond Interest and Redemption Fund (51) to be utilized for subsequent debt service on the bonds with the remainder of \$604,545 expensed as cost of issuance.

#### *2020 General Obligation Bonds (Measure T)*

In September 2020, the District issued \$15,830,000 of 2020 Election, Series A, General Obligation Bonds (Federally Taxable) under Measure T for the purpose of prepayment of certain certificates of participation on an advanced basis and to pay the costs of issuing the bonds. The issue consisted of \$4,855,000 in serial bonds with interest rates ranging from 0.373% to 2.072% with annual maturities from August 2021 through August 2030 and \$10,975,000 in term bonds with interest rates ranging from 2.392% to 2.973% with annual maturities from August 2031 through August 2045. Principal payments on the bonds are due August 1 of each year beginning August 1, 2021 while interest is payable semi-annually on February 1 and August 1 of each year commencing February 1, 2021 through maturity. Total proceeds of \$15,830,000 were used to fund an escrow account in the amount of \$15,362,416 for the prepayment of certain certificates of participation with \$467,584 being utilized for cost of issuance.

Required Supplementary Information

# San Ysidro School District

## Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2020

	Budgeted Amounts			Variance to Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
LCFF Sources				
State Apportionment	\$ 24,928,288	\$ 25,041,176	\$ 26,079,782	\$ 1,038,606
Education Protection Account	1,933,476	1,763,335	690,565	(1,072,770)
Property Taxes	20,419,594	20,341,531	22,495,701	2,154,170
Federal Revenue	3,513,595	5,113,951	3,855,758	(1,258,193)
Other State Revenue	3,965,017	3,980,399	5,623,166	1,642,767
Interest Income	150,000	169,587	138,268	(31,319)
Other Local Revenue	3,236,246	3,298,385	3,478,537	180,152
Total Revenues	<u>58,146,216</u>	<u>59,708,364</u>	<u>62,361,777</u>	<u>2,653,413</u>
<b>Expenditures</b>				
Current Expenditures:				
Certificated Salaries	22,874,450	23,772,031	24,413,460	(641,429)
Classified Salaries	9,835,687	10,647,719	11,090,630	(442,911)
Employee Benefits	13,386,448	13,662,398	15,368,153	(1,705,755)
Books and Supplies	2,870,146	3,023,353	2,317,372	705,981
Services and Other Operating	8,018,013	8,387,260	6,774,124	1,613,136
Other Outgo	50,000	50,000	183,896	(133,896)
Direct Support/Indirect Costs	(143,000)	(143,000)	(104,183)	(38,817)
Capital Outlay	55,000	102,906	279,121	(176,215)
Debt Service:				
Principal	235,483	253,630	450,704	(197,074)
Interest	953,630	953,630	751,758	4,000
Total Expenditures	<u>58,135,857</u>	<u>60,709,927</u>	<u>61,525,035</u>	<u>(1,012,980)</u>
Excess (Deficiency) of Revenues Over Expenditures				
	<u>10,359</u>	<u>(1,001,563)</u>	<u>836,742</u>	<u>1,838,305</u>
<b>Other Financing Sources</b>				
Transfers In	-	-	46,535	46,535
Transfers Out	-	(100,000)	(24,820)	75,180
Total Other Financing Sources	<u>-</u>	<u>(100,000)</u>	<u>21,715</u>	<u>121,715</u>
<b>Net Change in Fund Balance</b>	10,359	(1,101,563)	858,457	1,960,020
<b>Fund Balance - Beginning of Year</b>	2,630,051	2,630,051	2,630,051	-
<b>Fund Balance - End of Year</b>	<u>\$ 2,640,410</u>	<u>\$ 1,528,488</u>	<u>\$ 3,488,508</u>	<u>\$ 1,960,020</u>

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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset)	0.0456%	0.0446%	0.0432%	0.0415%	0.0415%	0.0423%	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 41,156,819	\$ 40,962,948	\$ 39,966,263	\$ 33,537,341	\$ 27,965,531	\$ 24,714,443	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	21,804,471	22,991,514	23,686,041	20,756,543	15,969,232	12,924,473	N/A	N/A	N/A	N/A
Total	\$ 62,961,290	\$ 63,954,462	\$ 63,652,304	\$ 54,293,884	\$ 43,934,763	\$ 37,638,916	N/A	N/A	N/A	N/A
District's covered payroll**	23,669,557	22,849,650	22,849,650	20,601,258	19,195,832	18,740,145	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	173.88%	179.27%	174.91%	162.79%	145.69%	131.88%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	72.56%	70.99%	69.46%	70.04%	74.02%	76.52%	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.

\*\*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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 4,072,934	\$ 3,987,590	\$ 3,415,520	\$ 2,874,486	\$ 2,210,515	\$ 1,704,590	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	<u>(4,072,934)</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	N/A
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	N/A	N/A	N/A	N/A
District's covered payroll**	\$ 23,818,327	\$ 24,493,796	\$ 23,669,577	\$ 22,849,650	\$ 20,601,258	\$ 19,158,832	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	17.10%	16.28%	14.43%	12.58%	10.73%	8.90%	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.

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



## San Ysidro School District

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

Last Ten Fiscal Years\*

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset)	0.0777%	0.0791%	0.0737%	0.0673%	0.0598%	0.0623%	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 22,644,792	\$ 21,090,817	\$ 17,598,194	\$ 13,292,253	\$ 8,815,645	\$ 7,067,431	N/A	N/A	N/A	N/A
District's covered payroll**	\$ 10,873,807	\$ 10,546,906	\$ 9,468,052	\$ 8,150,089	\$ 6,650,956	\$ 6,545,787	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	208.25%	199.97%	185.87%	163.09%	132.55%	107.97%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	70.05%	70.85%	71.87%	73.90%	79.43%	83.38%	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.

\*\*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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 2,126,019	\$ 1,964,027	\$ 1,638,040	\$ 1,314,923	\$ 965,541	\$ 782,884	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(2,126,019)	(1,964,027)	(1,638,040)	(1,314,923)	(965,541)	(782,884)	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A
District's covered payroll**	\$ 10,780,483	\$ 10,873,807	\$ 10,546,906	\$ 9,468,052	\$ 8,150,089	\$ 6,650,956	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%	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.

\*\*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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total OPEB liability:										
Service cost	\$ 691,833	\$ 684,496	\$ 661,989	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest	544,221	507,697	482,353	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Differences between expected and actual experience	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	570,501	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	590,377	(131,692)	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(470,127)	(431,726)	(411,168)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	1,926,805	628,775	733,174	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning**	15,092,409	14,463,634	13,730,460	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	<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>	<u>N/A</u>
Covered payroll	32,931,260	30,005,000	\$ 30,005,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB liability as a percentage of covered payroll	51.70%	50.29%	48.20%	N/A	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.

## San Ysidro School District

Notes to Required Supplementary Information  
For the Year Ended June 30, 2020

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### Excess of Expenditures Over Appropriations

As of June 30, 2020, 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>
<b>General Fund:</b>		
Certificated Salaries	\$ 641,429	The District underestimated certificated salaries due to bargaining agreements and rate increases.
Classified Salaries	\$ 442,911	The District underestimated certificated salaries due to bargaining agreements and rate increases.
Employee Benefits	\$ 1,705,755	The District underestimated employee benefit costs due to additional STRS on-behalf payments.
Other Outgo	\$ 133,896	The District underestimated other outgo expenses to other local agencies.
Direct Support/Indirect Costs	\$ 38,817	The District underestimated other transfers of direct support and indirect costs.
Capital Outlay	\$ 176,215	The District underestimated the cost of various capital outlay projects
Debt Service Principal	\$ 197,074	The District underestimated the debt service principal on the repayment plan debt.

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, 2020

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### Schedule of District's Proportionate Share – CalSTRS

1. Benefit Changes: There were no changes to benefits in 2015, 2016, 2017, 2018, 2019 and 2020.
2. Changes in Assumptions: There were no changes to assumptions in 2015, 2016, 2017, 2019 and 2020. In 2018 there was a change in discount rate from 7.60% to 7.10%.

### Schedule of District's Contributions – CalSTRS

The total pension liability for California State Teachers' Retirement System (CalSTRS) was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2013, 2014, 2015, 2016, 2017 and 2018 and rolling forward the total pension liabilities to the June 30, 2014, 2015, 2016, 2017, 2018 and 2019 (measurement dates). 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
Measurement Date	06/30/14	06/30/15	06/30/16
Valuation Date	06/30/13	06/30/14	06/30/15
Experience Study	07/01/06 - 06/30/10	07/01/06 - 06/30/10	07/01/06 - 06/30/10
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.60%	7.60%	7.60%
Consumer Price Inflation	3.00%	3.00%	3.00%
Wage Growth (Average)	3.75%	3.75%	3.75%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple

Reporting Period	June 30, 2018	June 30, 2019	June 30, 2020
Measurement Date	06/30/17	06/30/18	06/30/19
Valuation Date	06/30/16	06/30/17	06/30/20
Experience Study	07/01/06 - 06/30/15	07/01/06 - 06/30/15	07/01/06 - 06/30/15
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	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

CalSTRS changed the mortality assumptions based on the July 1, 2010 through June 30, 2015 experience study adopted by the CalSTRS board in February 2017. CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among CalSTRS members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries. Additional information can be obtained by reviewing the CalSTRS Actuarial Experience Study on the CalSTRS website.

## San Ysidro School District

Notes to Required Supplementary Information, Continued  
For the Year Ended June 30, 2020

### Schedule of District's Proportionate Share – CalPERS

1. Benefit Changes: There were no changes to benefits in 2015, 2016, 2017, 2018, 2019 and 2020.
2. Changes in Assumptions. There were no changes in assumptions in 2015, 2017, and 2020. In 2016 the discount rate was changed from 7.50% to 7.65%. In 2018 the discount rate was changed from 7.65% to 7.15%. In 2019, demographic assumptions and inflation rate were changed in accordance to the CalPERS experience study and review of actuarial assumptions published December 2017. There were no changes to the discount rate in this period.

### Schedule of District's Contributions – CalPERS

The total pension liability was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, 2014, 2015, 2016 and 2017 and rolling forward the total pension liabilities to June 30, 2014, 2015, 2016, 2017 and 2018 (measurement dates). The financial reporting actuarial valuation as of June 30, 2014, 2015, 2016, 2017 and 2018 (measurement dates) used the following actuarial methods and assumptions, applied to all periods included in the measurement:

<u>Reporting Period</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>
Measurement Date	06/30/14	06/30/15	06/30/16
Valuation Date	06/30/13	06/30/14	06/30/15
Experience Study	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
Investment Rate of Return	7.50%	7.65%	7.65%
Consumer Price Inflation	2.75%	2.75%	2.75%
Wage Growth (Average)	3.00%	3.00%	3.00%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple
<u>Reporting Period</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>
Measurement Date	06/30/17	06/30/18	06/30/19
Valuation Date	06/30/16	06/30/17	06/30/18
Experience Study	07/01/97 - 06/30/11	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	7.15%	7.50%	7.50%
Consumer Price Inflation	2.75%	2.50%	2.50%
Wage Growth (Average)	3.00%	3.00%	3.00%
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, 2020

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## 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: In 2019 the discount rate changed from 3.40% to 3.50%. In 2020 the discount rate changed from 3.50% to 3.15%. There have been no additional changes in assumptions.
- 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	3.40%
2019	3.50%
2020	3.15%

## Combining Statements as Supplementary Information



# San Ysidro School District

## Combining Balance Sheet – Nonmajor Governmental Funds

June 30, 2020

	Special Revenue Funds	Debt Service Fund <u>Blended Component Unit Fund</u>	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash in County Treasury	\$ 319,119	\$ -	\$ 632,232	\$ 951,351
Cash on Hand and in Banks	1,000	-	-	1,000
Accounts Receivable	767,988	-	-	1,698,752
Due From Other Funds	28,095	-	1,750,000	8,517,747
Stores Inventories	17,192	-	-	389,006
<b>Total Assets</b>	<u>\$ 1,133,394</u>	<u>\$ -</u>	<u>\$ 2,382,232</u>	<u>\$ 3,515,626</u>
<b>Liabilities and Fund Balance:</b>				
Liabilities:				
Accounts Payable	\$ 65,317	\$ -	\$ -	\$ 65,317
Due To Other Funds	774,810	-	-	774,810
Unearned Revenue	242,125	-	-	242,125
Total Liabilities	<u>1,082,252</u>	<u>-</u>	<u>-</u>	<u>1,082,252</u>
Fund Balance:				
Nonspendable	17,192	-	-	17,192
Restricted	33,950	-	2,382,232	2,416,182
Total Fund Balance	<u>51,142</u>	<u>-</u>	<u>2,382,232</u>	<u>2,433,374</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,133,394</u>	<u>\$ -</u>	<u>\$ 2,382,232</u>	<u>\$ 3,515,626</u>

# San Ysidro School District

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds June 30, 2020

	Special Revenue Funds	Debt Service Fund <u>Blended Component Unit Fund</u>	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Federal Revenue	\$ 2,594,737	\$ -	\$ -	\$ 2,594,737
Other State Revenue	1,218,566	-	-	1,218,566
Interest	7,315	-	5,069	12,384
Other Local Revenue	137,511	-	1,553,623	1,691,134
Total Revenues	<u>\$ 3,958,129</u>	<u>\$ -</u>	<u>\$ 1,558,692</u>	<u>\$ 5,516,821</u>
<b>Expenditures</b>				
Current Expenditures:				
Instruction	983,684	-	-	983,684
Instruction - Related Services	271,382	-	-	271,382
Pupil Services	2,688,106	-	-	2,688,106
General Administration	104,183	-	-	104,183
Plant Services	116,809	-	-	116,809
Capital Outlay	-	-	5,896	5,896
Debt Service:				
Principal	-	1,225,000	-	1,225,000
Interest	-	1,372,831	-	1,372,831
Total Expenditures	<u>4,164,164</u>	<u>2,597,831</u>	<u>5,896</u>	<u>6,767,891</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(206,035)</u>	<u>(2,597,831)</u>	<u>1,552,796</u>	<u>(1,251,070)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	24,820	2,597,831	-	2,622,651
Transfers Out	-	-	(46,535)	(46,535)
Total Other Financing Sources (Uses)	<u>24,820</u>	<u>2,597,831</u>	<u>(46,535)</u>	<u>2,576,116</u>
Net Change in Fund Balance	(181,215)	-	1,506,261	1,325,046
Fund Balance, Beginning of Year	232,357	-	875,971	1,108,328
Fund Balance, End of Year	<u>\$ 51,142</u>	<u>\$ -</u>	<u>\$ 2,382,232</u>	<u>\$ 2,433,374</u>

# San Ysidro School District

## Combining Balance Sheet – Nonmajor Special Revenue Funds

June 30, 2020

	Child Development Fund	Cafeteria Fund	Total Nonmajor Special Revenue Funds
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
<b>Assets</b>			
Cash in County Treasury	\$ 264,093	\$ 55,026	\$ 319,119
Cash on Hand and in Banks	-	1,000	1,000
Accounts Receivable	115,029	652,959	767,988
Due From Other Funds	-	28,095	28,095
Stores Inventories	-	17,192	17,192
<b>Total Assets</b>	<u>\$ 379,122</u>	<u>\$ 754,272</u>	<u>\$ 1,133,394</u>
<b>Liabilities and Fund Balance:</b>			
Liabilities:			
Accounts Payable	\$ 1,020	\$ 64,297	\$ 65,317
Due To Other Funds	130,816	643,994	774,810
Unearned Revenue	230,529	11,596	242,125
<b>Total Liabilities</b>	<u>362,365</u>	<u>719,887</u>	<u>1,082,252</u>
Fund Balance:			
Nonspendable	-	17,192	17,192
Restricted	16,757	17,193	33,950
<b>Total Fund Balance</b>	<u>16,757</u>	<u>34,385</u>	<u>51,142</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 379,122</u>	<u>\$ 754,272</u>	<u>\$ 1,133,394</u>

# San Ysidro School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –  
 Nonmajor Special Revenue Funds  
 June 30, 2020

	Child Development Fund	Cafeteria Fund	Total Nonmajor Special Revenue Funds
<b>Revenues</b>			
Federal Revenue	\$ 261,538	\$ 2,333,199	\$ 2,594,737
Other State Revenue	1,059,465	159,101	1,218,566
Interest	4,623	2,692	7,315
Other Local Revenue	124,685	12,826	137,511
Total Revenues	<u>\$ 1,450,311</u>	<u>\$ 2,507,818</u>	<u>\$ 3,958,129</u>
<b>Expenditures</b>			
Current Expenditures:			
Instruction	983,684	-	983,684
Instruction - Related Services	271,382	-	271,382
Pupil Services	86,936	2,601,170	2,688,106
General Administration	104,183	-	104,183
Plant Services	114,953	1,856	116,809
Total Expenditures	<u>1,561,138</u>	<u>2,603,026</u>	<u>4,164,164</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(110,827)</u>	<u>(95,208)</u>	<u>(206,035)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	-	24,820	24,820
Total Other Financing Sources (Uses)	<u>-</u>	<u>24,820</u>	<u>24,820</u>
Net Change in Fund Balance	(110,827)	(70,388)	(181,215)
Fund Balance, Beginning of Year	127,584	104,773	232,357
Fund Balance, End of Year	<u>\$ 16,757</u>	<u>\$ 34,385</u>	<u>\$ 51,142</u>

# San Ysidro School District

## Combining Balance Sheet – Nonmajor Capital Projects Funds

June 30, 2020

	Building Fund	Capital Facilities Fund	Capital Outlay Projects Fund	Total Nonmajor Capital Projects Funds
<b>Assets</b>				
Cash in County Treasury	\$ 6,176	\$ 544,339	\$ 81,717	\$ 632,232
Due From Other Funds	-	1,750,000	-	1,750,000
<b>Total Assets</b>	<u>\$ 6,176</u>	<u>\$ 2,294,339</u>	<u>\$ 81,717</u>	<u>\$ 2,382,232</u>
<b>Liabilities and Fund Balance:</b>				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:				
Restricted	6,176	2,294,339	81,717	2,382,232
Total Fund Balance	<u>6,176</u>	<u>2,294,339</u>	<u>81,717</u>	<u>2,382,232</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 6,176</u>	<u>\$ 2,294,339</u>	<u>\$ 81,717</u>	<u>\$ 2,382,232</u>

# San Ysidro School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –  
 Nonmajor Capital Projects Funds  
 June 30, 2020

	Building Fund	Capital Facilities Fund	Capital Outlay Projects Fund	Total Nonmajor Capital Projects Funds
<b>Revenues</b>				
Interest	\$ 83	\$ 4,435	\$ 551	\$ 5,069
Other Local Revenue	2,456	1,551,167	-	1,553,623
Total Revenues	<u>\$ 2,539</u>	<u>\$ 1,555,602</u>	<u>\$ 551</u>	<u>\$ 1,558,692</u>
<b>Expenditures</b>				
Current Expenditures:				
Capital Outlay	-	5,896	-	5,896
Total Expenditures	<u>-</u>	<u>5,896</u>	<u>-</u>	<u>5,896</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,539</u>	<u>1,549,706</u>	<u>551</u>	<u>1,552,796</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	-	(46,535)	-	(46,535)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(46,535)</u>	<u>-</u>	<u>(46,535)</u>
Net Change in Fund Balance	2,539	1,503,171	551	1,506,261
Fund Balance, Beginning of Year	3,637	791,168	81,166	875,971
Fund Balance, End of Year	<u>\$ 6,176</u>	<u>\$ 2,294,339</u>	<u>\$ 81,717</u>	<u>\$ 2,382,232</u>

## Other Supplementary Information

# San Ysidro School District

## Local Education Agency Organization Structure

June 30, 2020

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**

<b>Name</b>	<b>Office</b>	<b>Term and Term Expiration</b>
Humberto Gurmilan	President	Four Year Term Expires December 2022
Antonio Martinez	Vice President	Four Year Term Expires December 2020
Rodolfo Lopez	Member	Four Year Term Expires December 2022
Irene Lopez	Member	Four Year Term Expires December 2022
Rosaleah Pallasigue	Member	Four Year Term Expires December 2020

### **ADMINISTRATION**

Gina A. Potter, Ed.D  
Superintendent

Marilyn Adrianzen  
Chief Business Official

Manuela Colom  
Executive Director  
Curriculum, Instruction,  
and Innovation

David Farkas  
Executive Director  
Human Resources



# San Ysidro School District

Schedule of Average Daily Attendance  
Year Ended June 30, 2020

	Second Period Report Certificate #725ADAF5		Annual Report Certificate #648FEA55	
	Original	Revised	Original	Revised
<b>TK/K-3</b>				
Regular ADA	1,797.88	N/A	1,797.88	N/A
Extended Year Special Education	1.98	N/A	1.98	N/A
Nonpublic, Nonsectarian Schools	0.44	N/A	0.44	N/A
Extended Year - Nonpublic	0.42	N/A	0.42	N/A
<b>Total TK/K-3</b>	<b>1,800.72</b>	<b>N/A</b>	<b>1,800.72</b>	<b>N/A</b>
<b>Grades 4-6</b>				
Regular ADA	1,415.71	N/A	1,415.71	N/A
Extended Year Special Education	0.83	N/A	0.83	N/A
Nonpublic, Nonsectarian Schools	2.18	N/A	2.18	N/A
Extended Year - Nonpublic	1.00	N/A	1.00	N/A
<b>Total Grades 4-6</b>	<b>1,419.72</b>	<b>N/A</b>	<b>1,419.72</b>	<b>N/A</b>
<b>Grades 7-8</b>				
Regular ADA	979.16	N/A	979.16	N/A
Extended Year Special Education	0.86	N/A	0.86	N/A
Nonpublic, Nonsectarian Schools	0.75	N/A	0.75	N/A
Extended Year - Nonpublic	1.89	N/A	1.89	N/A
<b>Total Grades 7-8</b>	<b>982.66</b>	<b>N/A</b>	<b>982.66</b>	<b>N/A</b>
<b>Total ADA</b>	<b>4,203.10</b>	<b>N/A</b>	<b>4,203.10</b>	<b>N/A</b>

On March 17, 2020 Governor Newsom signed Senate Bill (SB) 117 which mitigated the effect of lost attendance due to COVID-19 that occurred after February 29, 2020. For the purpose of preventing losses of attendance-based funding as a result of reductions in average daily attendance (ADA) due to COVID-19, this legislation provided that the ADA used for both the second period (P2) and the Annual period apportionment include all full school months from July 1, 2019 to February 29, 2020 for all local education agencies (LEAs).

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

## San Ysidro School District

### Schedule of Instructional Time

Year Ended June 30, 2020

Grade Level	Minutes Requirement	2019-20 Actual Minutes	2019-20 COVID-19 Closure Minutes	2019-20 Total Instructional Minutes	2019-20 Actual School Days	2019-20 COVID-19 Closure Days	2019-20 Total School Days	Status
Transitional Kindergarten	36,000	32,950	11,650	44,600	133	47	180	Complied
Kindergarten	36,000	35,477	12,543	48,020	133	47	180	Complied
1st Grade	50,400	40,427	14,293	54,720	133	47	180	Complied
2nd Grade	50,400	40,427	14,293	54,720	133	47	180	Complied
3rd Grade	50,400	40,427	14,293	54,720	133	47	180	Complied
4th Grade	54,000	40,427	14,293	54,720	133	47	180	Complied
5th Grade	54,000	40,427	14,293	54,720	133	47	180	Complied
6th Grade	54,000	40,427	14,293	54,720	133	47	180	Complied
7th Grade	54,000	40,805	14,427	55,232	133	47	180	Complied
8th Grade	54,000	40,805	14,427	55,232	133	47	180	Complied

Due to COVID-19 the District closed all campuses on March 17, 2020 through the end of the school year. Distance learning was provided to students for school days during the closure. This schedule has been reflected based on the original approved calendar and instructional time planned by the District for the 2019-20 fiscal year.

School districts and charter schools must maintain their instructional minutes as defined in Education Code §46201 through §46207. This schedule is required of all school districts, including basic aid districts, as well as all charter schools.

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code §46201 through §46207.

# San Ysidro School District

## Schedule of Financial Trends and Analysis Year Ended June 30, 2020

General Fund	Budget 2021 (See Note 1)	2020	2019	2018
Revenues and Other Financing Sources	\$ 61,132,943	\$ 62,408,312	\$ 61,678,973	\$ 72,852,324
Expenditures and Other Financing Uses	<u>59,478,205</u>	<u>61,549,855</u>	<u>69,817,358</u>	<u>77,691,442</u>
Net Change in Fund Balance	<u>1,654,738</u>	<u>858,457</u>	<u>(8,138,385)</u>	<u>(4,839,118)</u>
Ending Fund Balance	<u>\$ 5,143,246</u>	<u>\$ 3,488,508</u>	<u>\$ 2,630,051</u>	<u>\$ 10,768,436</u>
Available Reserves (See Note 2)	<u>\$ 4,390,265</u>	<u>\$ 2,735,528</u>	<u>\$ 1,080,468</u>	<u>\$ 5,305,129</u>
Available Reserves as a Percentage of Total Outgo	<u>7.38%</u>	<u>4.44%</u>	<u>1.60%</u>	<u>6.90%</u>
Long Term Debt	<u>\$ 217,928,307</u>	<u>\$ 225,776,817</u>	<u>\$ 225,408,413</u>	<u>\$ 224,851,576</u>
Average Daily Attendance at P2	<u>4,203</u>	<u>4,203</u>	<u>4,351</u>	<u>4,508</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 decreased by \$7,279,928 (67.60%) over the past two years. The fiscal year 2020-21 budget projects an increase of \$1,654,738 (47.43%). 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 \$925,241 over the past two years.

Average daily attendance has decreased by 305 over the past two years.

### Notes:

1. Budget 2021 is included for analytical purposes only and has not been subjected to audit.
2. Available reserves consist of all unassigned fund balances contained within the general fund.

## San Ysidro School District

### Reconciliation of Annual Financial and Budget Report with Audited Financial Statements Year Ended June 30, 2020

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	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, 2020

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The San Ysidro School District did not sponsor any charter schools as of June 30, 2020.

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, 2020

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Subrecipient Expenditures	Total Federal Expenditures
<b>CHILD NUTRITION CLUSTER:</b>				
<u>U.S. Department of Agriculture</u>				
Passed through California Department of Education				
School Breakfast Program	10.553	13526	\$ -	\$ 473,208
National School Lunch Program	10.555	13523	-	1,611,566
National School Lunch Program - Noncash Commodities	10.555	13392	-	248,426
Total Child Nutrition Cluster			-	2,333,200
<b>SPECIAL EDUCATION (IDEA) CLUSTER:</b>				
<u>U.S. Department of Education</u>				
Passed through California Department of Education				
IDEA Basic Local Assistance	84.027	13379	-	1,187,038
IDEA Preschool Grants	84.173	13430	-	45,870
IDEA Mental Health	84.027	15197	-	31,508
Total Special Education (IDEA) Cluster			-	1,264,416
<b>OTHER PROGRAMS:</b>				
<u>U.S. Department of Education</u>				
Passed through San Diego County Superintendent of Schools				
21st Century CCLC	84.287	14535	-	106,182
Passed through California Department of Education				
Title I	84.010	14329	-	1,655,001
ESSA School Improvement	84.010	15438	-	77,692
Title V McKinney Vento - Homeless	84.196	14332	-	59,627
Title III English Learner	84.365	14346	-	230,889
Title II Supporting Effective Instruction	84.367	14341	-	122,224
Elementary and Secondary School Emergency Relief	84.425	15536	-	250,165
Total U.S. Department of Education			-	2,501,780
<u>U.S. Department of Health and Human Services</u>				
Passed through California Department of Education				
Head Start Program	93.600	10016	-	261,538
Total Other Programs			-	2,763,318
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ -	\$ 6,360,934

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, 2020

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## 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 9.73% 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>
21st Century CCLC	84.287	5.00%
Title III English Learner	84.365	2.00%

## 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 its schoolwide programs:

<u>Program</u>	<u>CFDA #</u>	<u>Amount Expended</u>
Title I	84.010	\$ 1,655,001

## 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, 2020, 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, 2021.

**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 a deficiency in internal control that we consider to be a significant deficiency which is described in the accompanying schedule of findings and questioned costs as item 2020-001.

## 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.

*Wilkinson Hobbly King & Co., LLP*

El Cajon, California  
March 31, 2021

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, 2020. 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, 2020.

## 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 Hobbie King & Co., LLP*

El Cajon, California

March 31, 2021

## 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 *2019-20 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, 2020.

### **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 *2019-20 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 *2019-20 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:

<u>Description</u>	<u>Procedures Performed</u>
<b>Local Education Agencies Other Than Charter Schools</b>	
A. Attendance.....	Yes
B. Teacher Certification and Misassignments.....	Yes
C. Kindergarten Continuance.....	Yes
D. Independent Study.....	N/A
E. Continuation Education.....	N/A
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
M. Juvenile Court Schools.....	N/A
N. Middle or Early College High Schools.....	N/A
O. K-3 Grade Span Adjustment.....	Yes
P. Transportation Maintenance of Effort.....	Yes
Q. Apprenticeship: Related and Supplemental Instruction.....	N/A
R. Comprehensive School Safety Plan.....	Yes
S. District of Choice.....	N/A
<b>School Districts, County Offices of Education, and Charter Schools</b>	
T. California Clean Energy Jobs Act.....	Yes
U. After/Before School Education and Safety Program.....	Yes
V. Proper Expenditure of Education Protection Account Funds.....	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts.....	Yes
X. Local Control and Accountability Plan.....	Yes
Y. Independent Study - Course Based.....	N/A
<b>Charter Schools</b>	
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
EE. Annual Instructional Minutes - Classroom Based.....	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, 2020.

## 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 *2019-20 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 Adley King & Co., LLP*

El Cajon, California  
March 31, 2021

## Auditor's Results, Findings & Recommendations



**San Ysidro School District**

Schedule of Auditor's Results

Year Ended June 30, 2020

**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 August 2020 and December 2020 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:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I
84.027, 84.173	Special Education Cluster
84.425	ESS Emergency Relief

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee?            Yes     X     No

**STATE AWARDS**

Any audit findings disclosed that are required to be reported in accordance with *2019-20 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, 2020

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 *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Finding codes as identified in the *2019-20 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: 2020-001  
 Repeat Finding: Yes  
 Description: General Fund Balance – A Caution for Consideration  
 Type of Finding: Internal Control – Significant Deficiency (30000)

#### Criteria or Specific Requirement

Verify that the District is meeting the minimum required amount of reserve balance in the general fund based on the size of the District at fiscal year-end as recommended by the California Department of Education. Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainties contained within the General Fund.

#### Condition

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.

# San Ysidro School District

Schedule of Findings and Questioned Costs, Continued

Year Ended June 30, 2020

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## Cause

The District sustained expenditures in excess of revenues of \$8.1 million in the prior year primarily due to a repayment of overstated state apportionment in the amount of \$3.9 million, an additional reduction in EPA funds of \$1.8 million, and additional operating expenditures in excess of \$4.2 million over the 2017-18 year which caused an inadequate reserve balance and inconsistent financial trends in the General Fund.

## Effect

The District is at risk of having available sufficient cash reserves for future periods based on prior trends. Insufficient general fund reserves could have a severe and immediate impact on cash flows and daily operations if not monitored and kept at the required state approved reserve balance.

## Context

The District must maintain a minimum 3% available reserve balance consisting of unassigned fund balances and funds reserved for economic uncertainties in the general fund at all times, as recommended by the California Department of Education, for proper cash flow and general daily operations of the District.

## Recommendation

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.

## Views of Responsible Officials

See Corrective Action Plan

### **B. Federal Awards**

None

### **C. State Award Findings**

None



GOVERNING BOARD

Antonio Martinez, President  
Rodolfo Lopez, Vice-President

Rosaleah Pallasigue, Clerk  
Irene Lopez, Member  
Humberto Gurmilan, Member

Quality education and opportunity for all students to succeed

Marilyn Adrianzen  
Chief Business Official

March 29, 2021

To Whom It May Concern:

The accompanying Corrective Action Plan has been prepared as required by the *2019-20 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  
Chief Business Official

# San Ysidro School District

Corrective Action Plan  
Year Ended June 30, 2020

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## Financial Statement Findings

Finding Number: 2020-001  
Program Name: General Fund Balance  
Contact Person: Marilyn Adrianzen  
Anticipated Completion Date: Ongoing

Planned Corrective Action: The District projects to meet the 3% required reserve for economic uncertainties in 2020-21 and subsequent years implementing a Board approved budget reduction plan in the amount of approximately \$1 million. This will reduce expenditures in the 2020-21 fiscal year. In addition, due to the State and Federal Stimulus funds, the District was able to shift expenditures from the unrestricted general fund to the restricted stimulus funds which further assists the District in meeting the 3% reserve for economic uncertainties requirement.

**San Ysidro School District**  
 Schedule of Prior Year Audit Findings  
 Year Ended June 30, 2020

Finding/Recommendation	Status	Explanation if Not Implemented
<p><b>Finding 2019-001</b>  <b>General Fund Balance</b></p>		
<p>The District reported available reserves balance in the general fund of 1.6% which is below the required 3% reserve balance as recommended by the California Department of Education for the size of the District. Expenditures exceeded revenues by \$8.1 million resulting in available reserves declining from 6.9% to 1.6% for fiscal year 2018-19.</p>		
<p>Implement immediate procedures to improve and establish the minimum reserve balance as required by state regulations. Set up a spending reduction plan to reduce expenditures in future periods to raise the available reserves up to the recommended level. Reduce contract expenses, overall operational costs, and eliminate any vacant employee positions.</p>	<p>Partially Implemented</p>	<p>See Finding 2020-001</p>
<p><b>Finding 2019-002</b>  <b>Inventory</b></p>		
<p>The District reported only a portion of the stores inventory at year end and was not a complete and accurate evaluation of the total products on hand. Only a portion of the actual inventory was listed as an asset value while the remaining inventory items were expensed and shipped to school sites.</p>		
<p>Establish procedures to ensure a full and complete accurate inventory asset valuation in the general fund at year end or expense all inventory items directly as they are received and shipped out to school sites. Provide a complete and accurate asset valuation at year end or eliminate the reporting of stores inventory valuation at year end in the general fund entirely.</p>	<p>Implemented</p>	

**San Ysidro School District**

Schedule of Prior Year Audit Findings, Continued

Year Ended June 30, 2020

Finding/Recommendation	Status	Explanation if Not Implemented
<p><b>Finding 2019-003</b> <b>Attendance</b></p> <p>In review of the class rosters at San Ysidro Middle School for the eighth month of attendance, we noted that some of the class rosters were not being signed within one week of the end of the attendance period on a timely basis, some verification signatures were being backdated prior to the date the rosters were actually printed, and some class rosters were not being dated when signed.</p> <p>Implement procedures to ensure all class rosters are being printed timely and all teachers are signing, dating, and verifying the attendance within one week after the end of the attendance period. Establish a policy and method to ensure teachers do not backdate class rosters and require all class rosters to have a valid certification date for the proper verification of attendance.</p>	Implemented	