



San Ysidro School District

County of San Diego
San Diego, California

Audit Report

June 30, 2022



WILKINSON HADLEY
KING & CO. LLP
CPAs AND ADVISORS



San Ysidro School District

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June 30, 2022

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Independent Auditor's Report

To the Board of Education
San Ysidro School District

Opinions

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 (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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 District as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note A to the financial statements, in the fiscal year ended June 30, 2022, the District adopted new accounting guidance, *GASB Statement No. 87, Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) 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's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financials statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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 basic financial statements.

The accompanying combining financial statements and additional supplementary information, identified in the table of contents, as required by the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations, Section 19810* are presented for purposes of additional analysis and are 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the accompanying combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the additional supplementary information as identified in the table of contents, are 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 April 14, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Wilkinson Hadley King & Co LLP

El Cajon, California

April 14, 2023

SAN YSIDRO SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2022
(Unaudited)

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, 2022. 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

- The increase in Local Control Funding Formula (LCFF) sources from 2020-21 to 2021-22 was \$3,405,354 or 7.35%.
- The general fund expenditures decreased by \$7,505,788 or 9.86% over the previous year amount.
- General fund revenues and other sources exceeded expenditures and other uses by \$4,393,728 resulting in an increase to ending fund balance.
- The District implemented GASB Statement No. 87 during the 2021-22 fiscal year recording leases payable with corresponding lease assets for right-to-use assets.

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 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 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, deferred outflows of resources, liabilities, and deferred inflows of resources 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 2021-2022?"

The change in net position is important because it tells the reader that, for the District as a whole, 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 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 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.

FINANCIAL ANALYSIS OF THE GOVERNMENT WIDE STATEMENTS

The District as a Whole

The District's net position was (\$108.9) million at June 30, 2022. Of this amount, unrestricted net position was (\$71.8) million, net investment in capital assets was \$(97.5) million, and restricted net position was \$60.4 million. A Comparative analysis of government-wide statement of net position is presented in Table 1.

The District's net position increased \$15.8 million this fiscal year (See Table 2). The District's expenses for instructional and pupil services represented 71.5% of total expenses. The administrative activities of the District accounted for just 6.4% of total costs. The remaining 22.1% was spent in the areas of plant services and other expenses, including debt service interest. (See Figure 2)

(Table 1)
Comparative Statement of Net Position

	Governmental Activities	
	June 30, 2022	June 30, 2021
Assets		
Cash	\$ 65,053,053	45,918,799
Accounts receivable	4,431,288	11,909,812
Inventory	68,261	78,624
Capital assets, net	130,597,770	133,939,153
Lease assets, net*	88,522	-
Total Assets	<u>\$ 200,238,894</u>	<u>\$ 191,846,388</u>
Deferred Outflows of Resources		
Deferred outflows of resources - pensions	\$ 10,902,869	13,704,883
Deferred outflows of resources - OPEB	1,911,880	2,117,913
Deferred outflows of resources - other	16,148,323	15,431,035
Total Deferred Outflows of Resources	<u>\$ 28,963,072</u>	<u>\$ 31,253,831</u>
Liabilities		
Accounts payable and other current liabilities	\$ 3,918,619	\$ 3,714,454
Unearned revenue	1,444,035	1,834,204
Long-term liabilities*	305,492,844	336,361,831
Total Liabilities	<u>\$ 310,855,498</u>	<u>\$ 341,910,489</u>
Deferred Inflows of Resources		
Deferred inflows of resources - pensions	\$ 26,292,045	\$ 6,645,151
Deferred inflows of resources - other*	908,888	466,134
Total Deferred Inflows of Resources	<u>\$ 27,200,933</u>	<u>\$ 7,111,285</u>
Net Position		
Net investment in capital assets	\$ (97,464,790)	(120,368,778)
Restricted	60,396,393	50,250,018
Unrestricted	(71,786,068)	(55,802,795)
Total Net Position	<u>\$ (108,854,465)</u>	<u>\$ (125,921,555)</u>

*GASB 87 Implementation in 2021-22 results in differences in accounting from 2020-21.

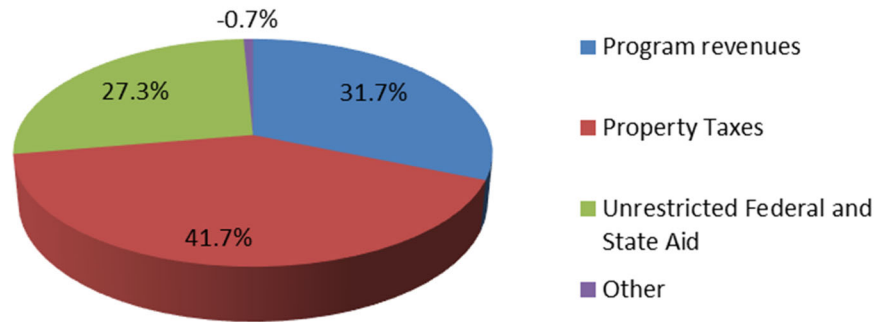
(Table 2)
Comparative Statement of Change in Net Position

	Governmental Activities	
	Year Ended June 30, 2022	Year Ended June 30, 2021
Revenues		
Program revenues		
Charges for services	\$ 1,761,727	\$ 2,596,787
Operating grants and contributions	22,463,599	23,555,310
Capital grants and contributions	6,246,238	-
General revenues		
Taxes levied for general purposes	25,638,271	23,747,794
Taxes levied for debt service	10,895,474	10,471,446
Taxes levied for other specific purposes	3,525,629	3,430,230
Federal and state aid not restricted to specific purposes	26,268,713	23,786,798
Interest and investment earnings	(977,711)	468,722
Interagency Revenues	-	-
Miscellaneous	263,067	50,759
Total Revenues	<u>96,085,007</u>	<u>88,107,846</u>
Expenses		
Instruction	45,660,668	44,587,229
Instruction related services	4,842,462	5,061,310
Pupil support services	6,893,513	7,777,103
General administration	5,120,466	6,582,727
Plant services	6,248,527	6,292,466
Other	11,471,569	17,144,421
Total Expenses	<u>80,237,205</u>	<u>87,445,256</u>
Increase (Decrease) in Net Position	15,847,802	662,590
Net Position - Beginning Balance	(125,921,555)	(125,764,500)
Adjustment to Beginning Balance**	1,219,288	(819,645)
Net Position - Ending Balance	<u>\$ (108,854,465)</u>	<u>\$ (125,921,555)</u>

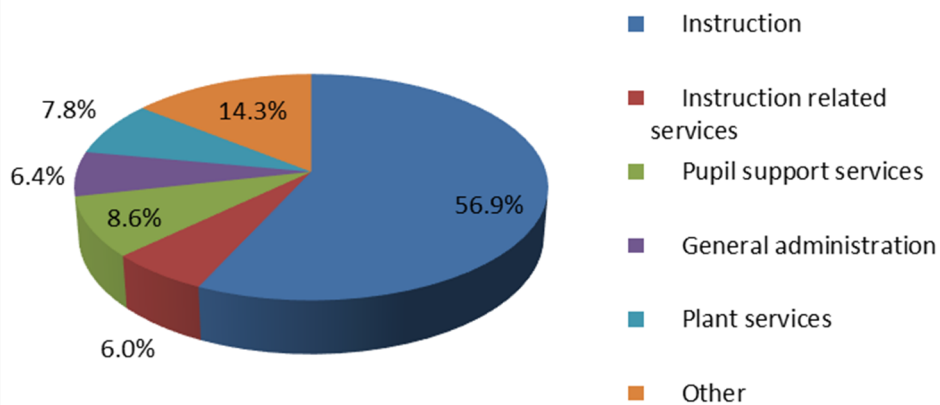
GOVERNMENTAL ACTIVITIES

As reported in the Statement of Activities, the cost of all of the District's governmental activities this year was \$80.2 million. The amount that our local taxpayers financed for these activities through property taxes was \$40 million. Federal and State aid not restricted to specific purposes totaled \$26.3 million. Operating grants and contributions revenue was \$30.5 million. Operating grants and unrestricted federal and state aid and covered 61% of the expenses of the entire District. (See Figure 1)

**Sources of Revenue for the 2021-22
Fiscal Year - Figure 1**



Expenses for the 2021-22 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. The District's Governmental Funds reported a combined fund balance of \$65.4 million, an increase of \$11.5 million from the previous fiscal year's combined ending balance of \$53.9 million.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget regularly. The significant budget adjustments fell into the following categories:

- Budget revisions to the adopted budget required after approval of the State budget.
- Budget revisions to update revenues to actual enrollment information and to update overall expenditures.
- Other budget revisions are routine in nature, including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditure categories for school and department budgets.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets and Lease Assets

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

(Table 3)
Comparative Schedule of Capital Assets and Lease Assets

	<u>June 30, 2022</u>	<u>June 30, 2021*</u>	<u>Net \$ Change</u>	<u>Net % Change</u>
Land	\$ 45,896,267	\$ 45,896,267	\$ 0	0.0%
Work in Progress	1,085,875	237,392	848,483	357.4%
Land Improvements	19,923,026	19,923,026	0	0.0%
Buildings & Improvements	134,727,997	134,718,919	9,078	0.0%
Equipment	3,562,985	3,382,365	180,620	5.3%
Less Accumulated Depreciation for				
Land Improvements	(17,150,420)	(16,576,987)	(573,433)	3.5%
Buildings & Improvements	(54,447,636)	(50,635,247)	(3,812,389)	7.5%
Equipment	(3,000,324)	(2,840,567)	(159,757)	5.6%
Lease Assets*	131,769	131,769	0	0.0%
Less Accumulated Amortization*	<u>(43,247)</u>	<u>0</u>	<u>(43,247)</u>	<u>100.0%</u>
Total	<u>\$ 130,686,292</u>	<u>\$ 134,236,937</u>	<u>\$ (3,507,398)</u>	<u>-2.6%</u>

*Adjusted from amounts reported in 2020-21 MD&A to reflect GASB 87 implementation.

Long-Term Liabilities

At June 30, 2022 the District had \$305.5 million in long-term liabilities outstanding, of which \$253 million is considered long term debt. Of the Table 4 shows a comparative schedule of long-term debt items.

(Table 4)
Comparative Schedule of Long-Term Debt

	<u>June 30, 2022</u>	<u>June 30, 2021*</u>	<u>Net \$ Change</u>	<u>Net % Change</u>
General Obligation Bonds	\$ 212,861,600	\$ 213,960,966	\$ (1,099,366)	-0.5%
Certificates of Participation	38,685,627	40,766,877	(2,081,250)	-5.1%
QZAB Bonds	0	253,630	(253,630)	-100.0%
Principal Apportionment	1,351,947	2,064,325	(712,378)	-34.5%
Leases Payable*	<u>90,060</u>	<u>131,769</u>	<u>(41,709)</u>	<u>-31.7%</u>
Total Long-Term Debt	<u>\$ 252,989,234</u>	<u>\$ 257,177,567</u>	<u>\$ (4,188,333)</u>	<u>-1.6%</u>

*Adjusted from amounts reported in 2020-21 MD&A to reflect GASB 87 implementation.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The District will be requesting a Summary Review over apportionment significant findings that resulted from significant changes in independent study laws during the 2021-22 fiscal year. Based on the facts and circumstances, and the District's documentation of substantial compliance, the State may waive or reduce any penalties or adjustments to apportionment resulting from the findings. The Summary Review process begins once the California State Controller's Office certifies the 2021-22 audit, which is anticipated to be fall of 2023. The Education Audit Appeals Panel decision in Summary Review has potential for significant fiscal impact to the District.

As such, the District must be prudent in budget management and analysis to ensure adequate funding exists to meet all necessary financial obligations not only for the current year, but for years to come. Any changes in enrollment or funding must be carefully evaluated to determine the impact on the budget and multi-year projections. Vacant positions will likely remain unfilled unless additional revenues are identified to cover the cost.

Overall, the Administration is confident that the District will be able to maintain prudent operating reserves and have the necessary cash in order to ensure that the District remains fiscally solvent.

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 the Business Office, at San Ysidro School District, 4350 Otay Mesa Road, San Ysidro, California 92173.

Basic Financial Statements

San Ysidro School District

Statement of Net Position

June 30, 2022

	Governmental Activities
Assets	
Cash and Investments	\$ 65,053,053
Accounts Receivable	4,431,288
Inventory	68,261
Capital Assets:	
Land	45,896,267
Land Improvements	19,923,026
Buildings & Improvements	134,727,997
Equipment	3,562,985
Work in Progress	1,085,875
Less Accumulated Depreciation	(74,598,380)
Lease Assets:	
Equipment	131,769
Less Accumulated Amortization	(43,247)
Total Assets	<u>200,238,894</u>
Deferred Outflows of Resources	<u>28,963,072</u>
Liabilities	
Accounts Payable and Other Current Liabilities	3,918,619
Unearned Revenue	1,444,035
Long-Term Liabilities:	
Due Within One Year	12,695,550
Due In More Than One Year	292,797,294
Total Liabilities	<u>310,855,498</u>
Deferred Inflows of Resources	<u>27,200,933</u>
Net Position	
Net Investment in Capital Assets	(97,464,790)
Restricted For:	
Capital Projects	34,183,166
Debt Service	12,744,476
Educational Programs	6,105,086
Other Purposes (Expendable)	7,226,971
Other Purposes (Nonexpendable)	136,694
Unrestricted	(71,786,068)
Total Net Position	<u><u>\$ (108,854,465)</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, 2022

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction	\$ 45,660,668	\$ 1,586,777	\$ 11,014,152	\$ 6,246,238	\$ (26,813,501)
Instruction-Related Services:					
Instructional Supervision and Administration	1,151,687	-	3,078,527	-	1,926,840
Instructional Library, Media and Technology	559,238	-	81,865	-	(477,373)
School Site Administration	3,131,537	-	341,752	-	(2,789,785)
Pupil Services:					
Home-to-School Transportation	760,802	-	5,934	-	(754,868)
Food Services	2,253,785	1,566	3,154,276	-	902,057
All Other Pupil Services	3,878,926	577	2,803,617	-	(1,074,732)
General Administration:					
Centralized Data Processing	1,037,421	-	43,070	-	(994,351)
All Other General Administration	4,083,045	13,064	1,446,338	-	(2,623,643)
Plant Services	6,248,527	89,570	494,068	-	(5,664,889)
Ancillary Services	104,444	70,173	-	-	(34,271)
Community Services	-	-	-	-	-
Interest on Long-Term Debt	11,205,268	-	-	-	(11,205,268)
Debt Issuance Costs	107,139	-	-	-	(107,139)
Transfers to County Office of Education	54,718	-	-	-	(54,718)
Total Governmental Activities	<u>\$ 80,237,205</u>	<u>\$ 1,761,727</u>	<u>\$ 22,463,599</u>	<u>\$ 6,246,238</u>	<u>(49,765,641)</u>
General Revenues					
Taxes and Subventions:					
Property Taxes, Levied for General Purposes					\$ 25,638,271
Property Taxes, Levied for Debt Service					10,895,474
Property Taxes, Levied for Other Specific Purposes					3,525,629
Federal and State Aid Not Restricted for Specific Purposes					26,268,713
Interest and Investment Earnings					(977,711)
Miscellaneous					263,067
Total General Revenues					<u>65,613,443</u>
Change in Net Position					15,847,802
Net Position - Beginning of Year, As Restated (See Note P)					(124,702,267)
Net Position - Ending					<u>\$ (108,854,465)</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, 2022

	Blended Component Units (CFD & PFA)						
	General Fund	Building Fund	Bond Interest & Redemption Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Assets							
Cash and Investments	\$ 16,358,087	\$ 19,477,110	\$ 12,744,476	\$ 3,999,365	\$ -	\$ 12,474,015	\$ 65,053,053
Accounts Receivable	3,334,015	45,233	-	4,511	-	1,047,529	4,431,288
Due from Other Funds	1,341,994	-	-	-	-	56,623	1,398,617
Stores Inventories	-	-	-	-	-	68,261	68,261
Total Assets	\$ 21,034,096	\$ 19,522,343	\$ 12,744,476	\$ 4,003,876	\$ -	\$ 13,646,428	\$ 70,951,219
Liabilities and Fund Balance:							
Liabilities:							
Accounts Payable	2,638,191	-	-	-	-	36,743	2,674,934
Due to Other Funds	38,161	14	-	40,000	-	1,320,442	1,398,617
Unearned Revenue	1,118,627	-	-	-	-	325,408	1,444,035
Total Liabilities	3,794,979	14	-	40,000	-	1,682,593	5,517,586
Fund Balance:							
Nonspendable	68,433	-	-	-	-	68,261	136,694
Restricted	12,133,444	19,522,329	12,744,476	3,963,876	-	11,895,574	60,259,699
Assigned	2,973,696	-	-	-	-	-	2,973,696
Unassigned	2,063,544	-	-	-	-	-	2,063,544
Total Fund Balance	17,239,117	19,522,329	12,744,476	3,963,876	-	11,963,835	65,433,633
Total Liabilities and Fund Balances	\$ 21,034,096	\$ 19,522,343	\$ 12,744,476	\$ 4,003,876	\$ -	\$ 13,646,428	\$ 70,951,219

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, 2022

Total fund balances, governmental funds: \$ 65,433,633

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

Capital assets relating to governmental activities, at historical cost	205,196,150	
Accumulated depreciation	<u>(74,598,380)</u>	
Net		130,597,770

Lease assets relating to governmental activities, at historical cost	131,769	
Accumulated amortization	<u>(43,247)</u>	
Net		88,522

Unamortized costs: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs for prepaid debt insurance are amortized over the life of the debt. Unamortized debt insurance costs included in deferred outflows of resources on the 2,133,022

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 (1,243,685)

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	212,861,600	
Certificates of participation payable	38,685,627	
Leases payable	90,060	
Principal apportionment repayment plan	1,351,947	
Net pension liability	33,290,775	
Total OPEB liability	18,578,137	
Compensated absences	<u>634,698</u>	
Total		(305,492,844)

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, 2022

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: 14,015,301

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	10,902,869	
Deferred inflows of resources relating to pensions	<u>(26,292,045)</u>	
Net		(15,389,176)

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

Deferred outflows of resources relating to OPEB	1,911,880	
Deferred inflows of resources relating to OPEB	<u>(908,888)</u>	
Net		<u>1,002,992</u>

Total net position, governmental activities:		<u><u>\$ (108,854,465)</u></u>
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The accompanying notes to the financial statements are an integral part of this statement.

San Ysidro School District

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

For the Year Ended June 30, 2022

				Blended Component Units (CFD & PFA)			
	General Fund	Building Fund	Bond Interest & Redemption Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Revenues							
State Apportionment	\$ 23,257,242	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,257,242
Education Protection Account Funds	842,248	-	-	-	-	-	842,248
Property Taxes	25,638,271	-	10,895,474	3,525,629	-	-	40,059,374
Federal Revenue	9,806,560	-	-	-	-	3,205,090	13,011,650
Other State Revenue	10,037,141	-	-	-	-	7,551,392	17,588,533
Interest Income	117,967	178,247	58,383	14,978	-	63,776	433,351
FMV Adjustment	(434,756)	(576,660)	-	(68,952)	-	(330,694)	(1,411,062)
Other Local Revenue	3,718,055	-	1,085	-	-	941,921	4,661,061
Total Revenues	<u>\$ 72,982,728</u>	<u>\$ (398,413)</u>	<u>\$ 10,954,942</u>	<u>\$ 3,471,655</u>	<u>\$ -</u>	<u>\$ 11,431,485</u>	<u>\$ 98,442,397</u>
Expenditures							
Current Expenditures:							
Instruction	44,306,847	-	-	-	-	1,024,205	45,331,052
Instruction - Related Services	5,130,291	-	-	-	-	284,566	5,414,857
Pupil Services	5,023,410	-	-	-	-	2,499,989	7,523,399
Ancillary Services	-	-	-	-	-	84,908	84,908
General Administration	5,561,151	-	-	-	-	145,196	5,706,347
Plant Services	6,563,075	-	-	53,860	-	95,787	6,712,722
Other Outgo	64,457	-	-	-	-	-	64,457
Capital Outlay	946,360	91,821	-	-	-	-	1,038,181
Debt Service:						-	
Principal	1,007,717	-	7,602,218	-	1,950,000	-	10,559,935
Interest	5,754	-	3,271,702	-	1,275,406	-	4,552,862
Total Expenditures	<u>68,609,062</u>	<u>91,821</u>	<u>10,873,920</u>	<u>53,860</u>	<u>3,225,406</u>	<u>4,134,651</u>	<u>86,988,720</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,373,666</u>	<u>(490,234)</u>	<u>81,022</u>	<u>3,417,795</u>	<u>(3,225,406)</u>	<u>7,296,834</u>	<u>11,453,677</u>
Other Financing Sources (Uses):							
Transfers In	20,062	-	-	-	3,225,406	-	3,245,468
Transfers Out	-	-	-	(3,225,406)	-	(20,062)	(3,245,468)
Total Other Financing Sources (Uses)	<u>20,062</u>	<u>-</u>	<u>-</u>	<u>(3,225,406)</u>	<u>3,225,406</u>	<u>(20,062)</u>	<u>-</u>
Net Change in Fund Balance	<u>4,393,728</u>	<u>(490,234)</u>	<u>81,022</u>	<u>192,389</u>	<u>-</u>	<u>7,276,772</u>	<u>11,453,677</u>
Fund Balance, Beginning of Year	<u>12,845,389</u>	<u>20,012,563</u>	<u>12,663,454</u>	<u>3,771,487</u>	<u>-</u>	<u>4,687,063</u>	<u>53,979,956</u>
Fund Balance, End of Year	<u>\$ 17,239,117</u>	<u>\$ 19,522,329</u>	<u>\$ 12,744,476</u>	<u>\$ 3,963,876</u>	<u>\$ -</u>	<u>\$ 11,963,835</u>	<u>\$ 65,433,633</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, 2022

Total change in fund balances, governmental funds: \$ 11,453,677

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

Expenditures for capital outlay	1,038,181	
Depreciation expense	(4,545,579)	
Amortization expense	<u>(43,247)</u>	
Net		(3,550,645)

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: 10,559,935

Debt issue costs for prepaid debt insurance: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs for prepaid debt insurance are amortized over the life of the debt. The difference between debt issue costs for prepaid insurance incurred in the current period and prepaid insurance costs amortized for the period is: (97,400)

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: (6,522,840)

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, 2022

Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of debt issue premium or discount, or deferred gain or loss from debt refunding for the period was: (129,565)

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: 229,863

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: 4,939,860

Other postemployment benefits (OPEB): In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was: (1,035,083)

Change in net position of governmental activities: \$ 15,847,802

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, 2022

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, 2022

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 and PFA facilities.

The CFD and PFA’s financial activity for debt service payments is presented in the financial statements of the Debt Service Fund Blended Component Units, all other activities of the CFD and PFA are reported in the financial statements of the Capital Projects 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. 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.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

Fund Financial Statements. The fund financial statements provide information about the District's funds. 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.

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.

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.

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

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

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

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

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

Non-Major Governmental Funds

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

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

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

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*).

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

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

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

County School Facilities Fund: This fund is established pursuant to *Education Code §17070.43* to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D) or the 2016 State School Facilities Fund (Proposition 51). The fund is used primarily to account for new school facility construction, modernization projects, and facility hardship grants as provided in the Leroy F. Green School Facilities Act of 1998 (*Education Code §17070.10 et seq.*).

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*).

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

4. Basis of Accounting – Measurement Focus

Government-Wide Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus. The government-wide 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.

6. Budgets and Budgetary Accounting

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

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

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

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

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.

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.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

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.

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.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

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. Lease Assets & Lease Liabilities

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles and equipment. In accordance with GASB Statement 87, the District records lease assets and lease liabilities with a capitalization threshold of \$5,000. Lease assets are amortized over the shorter of the useful life of the underlying asset (as defined in capital assets policy) or the lease term. Lease liabilities are reduced as principal payments on the lease are made.

e. 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.

f. 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.

g. 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.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

h. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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.

i. 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.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

j. 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.

k. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources relating to pension, deferred inflows of resources relating to pension, 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, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

l. 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, 2021
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

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, 2022

12. New Accounting Pronouncements

Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2022. Those newly implemented pronouncements are as follows:

Description	Date Issued
GASB Statement 87, Leases	06/2017
GASB Statement 89, Accounting for Interest Cost Incurred before the End of a Construction Period	06/2018
GASB Statement 92, Omnibus 2020	01/2020
GASB Statement 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements 14, 84 and supersession of GASB Statement 32	06/2020
GASB Statement 98, The Annual Comprehensive Financial Report	10/2021
GASB Implementation Guide No. 2019-3, Leases	08/2019
GASB Implementation Guide No. 2020-1, Implementation Guidance Update – 2020	04/2020
GASB Implementation Guide No. 2021-1, Implementation Guidance Update – 2021 (Applicable portions to the 2021-22 fiscal year)	05/2021

The implementation of new accounting guidelines resulted in the following changes during the fiscal year ended June 30, 2022:

- Leases where the District is the lessee were previously accounted for as a current expense in the years the lease payments were made. Under the provisions of GASB Statement No. 87 these leases are recorded on the government wide statement of net position as lease assets which are amortized over the life of the asset or lease (whichever is shorter), and lease liabilities which are reduced over the life of the lease by principal payments. See Note L for additional information on leases recorded under GASB 87.
- Leases where the District is the lessor were previously accounted for as rental income in the year that the rent was collected. Under the provisions of GASB Statement No. 87 these leases are recorded at inception of the lease as a lease receivable and a deferred inflow of resources.

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

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

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, 2022, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

	<u>Amount</u>	<u>Fair Value Measurement Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
External investment pools measured at fair value				
San Diego County Treasury	\$ 63,328,174	\$ -	\$ 63,328,174	\$ -
Total investments by fair value level	<u>\$ 63,328,174</u>	<u>\$ -</u>	<u>\$ 63,328,174</u>	<u>\$ -</u>
Total investments by fair value level				
Money Market Funds	\$ 1,590,222	\$ 1,590,222	\$ -	\$ -
Total investments by fair value level	<u>\$ 1,590,222</u>	<u>\$ 1,590,222</u>	<u>\$ -</u>	<u>\$ -</u>

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

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

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

D. Cash and Investments

As of June 30, 2022, the District held the following cash and cash equivalents:

	General Fund	Building Fund	Bond Interest & Redemption Fund	Blended Component Units (CFD & PFA)		Nonmajor Governmental Funds	Total
				Capital Projects Fund	Debt Service Fund		
Cash in County Treasury	\$ 16,677,307	\$ 19,970,548	\$ 12,744,476	\$ 2,470,177	\$ -	\$ 12,747,167	\$ 64,609,675
FMV Adjustment	(412,068)	(493,438)	-	(61,034)	-	(314,961)	(1,281,501)
Revolving Cash	68,433	-	-	-	-	-	68,433
Cash in Bank	24,415	-	-	-	-	41,809	66,224
Cash with Fiscal Agent	-	-	-	1,590,222	-	-	1,590,222
Total	<u>\$ 16,358,087</u>	<u>\$ 19,477,110</u>	<u>\$ 12,744,476</u>	<u>\$ 3,999,365</u>	<u>\$ -</u>	<u>\$ 12,474,015</u>	<u>\$ 65,053,053</u>

1. Cash in County Treasury

In accordance with Education Code §41001, the District maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool (\$64,609,675 as of June 30, 2022). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$63,328,174. 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 (\$66,224 as of June 30, 2022) and in revolving fund (\$68,433 as of June 30, 2022) 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, 2022 are shown below:

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
U.S. Money Market Funds	< 30 days	\$ 1,590,222

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

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, 2022

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 recognized rating agencies are designed to give an indication of risk.

At June 30, 2022, 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	\$ 63,328,174
Money Market Funds	Unrated	Not Applicable	1,590,222

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, 2022, the District's bank balances, 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, 2022

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 \$63,328,174. The average weighted maturity for this pool was 551 days at June 30, 2022.

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, 2022

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, 2022 consisted of:

	General Fund	Building Fund	Blended Component Units (CFD & PFA) Capital Projects Fund	Nonmajor Governmental Funds	Total
Federal Government:					
Title I	\$ 235,580	\$ -	\$ -	\$ -	\$ 235,580
ESSER/GEER	1,426,343	-	-	-	1,426,343
Special Education	740,427	-	-	-	740,427
Title IV	244,234	-	-	-	244,234
Child Nutrition	-	-	-	686,526	686,526
Child Development	-	-	-	72,878	72,878
Other Federal Programs	74,771	-	-	-	74,771
State Government:					
LCFF State Aid	82,715	-	-	-	82,715
Lottery	249,439	-	-	-	249,439
Educator Effectiveness	214,610	-	-	-	214,610
Child Nutrition	-	-	-	40,262	40,262
Child Development	-	-	-	156,383	156,383
Other State Programs	16,596	-	-	-	16,596
Local Sources					
Interest	41,952	45,233	4,511	23,468	115,164
Child Development	-	-	-	68,012	68,012
Other Local Sources	7,348	-	-	-	7,348
Total Accounts Receivable	<u>\$ 3,334,015</u>	<u>\$ 45,233</u>	<u>\$ 4,511</u>	<u>\$ 1,047,529</u>	<u>\$ 4,431,288</u>

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

F. Capital Assets and Lease Assets

Capital asset and lease asset activity for the year ended June 30, 2022, 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	237,392	848,483	-	1,085,875
Total capital assets not being depreciated	46,133,659	848,483	-	46,982,142
Capital assets being depreciated:				
Land improvements	19,923,026	-	-	19,923,026
Buildings and improvements	134,718,919	9,078	-	134,727,997
Equipment	3,382,365	180,620	-	3,562,985
Total capital assets being depreciated	158,024,310	189,698	-	158,214,008
Less accumulated depreciation for:				
Land improvements	(16,576,987)	(573,433)	-	(17,150,420)
Buildings and improvements	(50,635,247)	(3,812,389)	-	(54,447,636)
Equipment	(2,840,567)	(159,757)	-	(3,000,324)
Total accumulated depreciation	(70,052,801)	(4,545,579)	-	(74,598,380)
Total capital assets, net	134,105,168	(3,507,398)	-	130,597,770
Lease assets				
Equipment	131,769	-	-	131,769
Less accumulated amortization	-	(43,247)	-	(43,247)
Total lease assets, net	131,769	(43,247)	-	88,522
Total capital and lease assets, net	\$ 134,236,937	\$ (3,550,645)	\$ -	\$ 130,686,292

Depreciation and amortization were charged to functions as follows:

	<u>Depreciation By Function</u>	<u>Amortization By Function</u>
Instruction	\$ 4,394,038	\$ -
Instruction Related	11,635	-
Pupil Services	29,140	-
Ancillary Services	19,536	-
General Administration	72,877	43,247
Plant Services	18,353	-
	<u>\$ 4,545,579</u>	<u>\$ 43,247</u>

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

G. Interfund Balances & Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2022 consisted of the following:

<u>Interfund Receivable (Due From Other Funds)</u>	<u>Interfund Payable (Due To Other Funds)</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Building Fund	\$ 14	Reimburse expenditures
General Fund	CFD & PFA Capital Projects	40,000	Reimburse expenditures
General Fund	Nonmajor Governmental Funds	1,301,980	Indirect costs and reimburse expenditures
Nonmajor Governmental Funds	General Fund	38,161	Program contributions
Nonmajor Governmental Funds	Nonmajor Governmental Funds	18,462	Reimburse expenditures
	Total	<u>\$ 1,398,617</u>	

2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2022, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Nonmajor Governmental Funds	\$ 20,062	Reimburse expenditures
CFD & PFA Debt Service	CFD & PFA Capital Projects	3,225,406	Debt service expenditures
	Total	<u>\$ 3,245,468</u>	

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

H. Accounts Payable

Accounts payable balances as of June 30, 2022 consisted of:

	General Fund	Nonmajor Governmental Funds	Total
Vendors Payable	\$ 925,683	\$ 36,743	\$ 962,426
Payroll and Benefits	272,610	-	272,610
LCFF Repayment	1,439,898	-	1,439,898
Total Accounts Payable	<u>\$ 2,638,191</u>	<u>\$ 36,743</u>	<u>\$ 2,674,934</u>

I. Unearned Revenue

Unearned revenue balances as of June 30, 2022 consisted of:

	General Fund	Non Major Governmental Funds	Total
Federal Programs			
ESSER/GEER	\$ 457,170	\$ -	\$ 457,170
IDEA Preschool Grants	11,183	-	11,183
Title III Immigrant Education	9,696	-	9,696
Homeless Assistance	160,486	-	160,486
ARP - Homeless Assistance	63,220	-	63,220
Head Start	-	313,812	313,812
Team Nutrition	-	11,596	11,596
State Programs			
Universal PreKinder Grant	184,502	-	184,502
CalSHAPE Ventilation Grant	232,370	-	232,370
Total Unearned Revenue	<u>\$ 1,118,627</u>	<u>\$ 325,408</u>	<u>\$ 1,444,035</u>

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

J. Fund Balance Classifications of the Governmental Funds

Ending fund balance classifications of the governmental funds for the year ended June 30, 2022 consisted of:

			Blended Component Units (CFD & PFA)				
	General Fund	Building Fund	Bond Interest & Redemption Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Nonspendable Fund Balance							
Revolving Cash	\$ 68,433	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,433
Stores	-	-	-	-	-	68,261	68,261
Total Nonspendable Fund Balance	68,433	-	-	-	-	68,261	136,694
Restricted Fund Balance							
Capital Projects	-	19,522,329	-	3,963,876	-	10,696,961	34,183,166
Debt Service	-	-	12,744,476	-	-	-	12,744,476
Educational Programs	5,700,096	-	-	-	-	404,990	6,105,086
Child Nutrition	221,522	-	-	-	-	752,814	974,336
Associated Student Body	-	-	-	-	-	40,809	40,809
Restricted Maintenance	535,330	-	-	-	-	-	535,330
Other Purposes	5,676,496	-	-	-	-	-	5,676,496
Total Restricted Fund Balance	12,133,444	19,522,329	12,744,476	3,963,876	-	11,895,574	60,259,699
Assigned Fund Balance							
Educational Programs	1,612,696	-	-	-	-	-	1,612,696
ADA Overstatement Repayment	1,360,900	-	-	-	-	-	1,360,900
Total Assigned Fund Balance	2,973,596	-	-	-	-	-	2,973,596
Unassigned Fund Balance							
For Economic Uncertainties	2,063,644	-	-	-	-	-	2,063,644
Total Unassigned Fund Balance	2,063,644	-	-	-	-	-	2,063,644
Total Fund Balance	\$ 17,239,117	\$ 19,522,329	\$ 12,744,476	\$ 3,963,876	\$ -	\$ 11,963,835	\$ 65,433,633

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, 2022

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, 2022, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 147,108,310	\$ -	\$ 7,602,218	\$ 139,506,092	\$ 7,740,024
Bond Premiums	6,086,186	-	397,684	5,688,502	339,106
Accreted Interest	60,766,470	8,193,318	1,292,782	67,667,006	1,804,976
Total GO Bonds	213,960,966	8,193,318	9,292,684	212,861,600	9,884,106
Certificates of Participation	38,180,000	-	1,950,000	36,230,000	1,740,000
COPS Premiums	2,586,877	-	131,250	2,455,627	123,164
Total Certificates of Participation	40,766,877	-	2,081,250	38,685,627	1,863,164
Leases Payable	131,769	-	41,709	90,060	43,192
QZAB Bonds	253,630	-	253,630	-	-
Principal Apportionment Plan	2,064,325	-	712,378	1,351,947	270,390
Total OPEB Liability*	18,191,841	386,296	-	18,578,137	-
Net Pension Liability*	60,679,543	-	27,388,768	33,290,775	-
Compensated Absences*	864,561	-	229,863	634,698	634,698
Total Governmental Activities	\$ 336,913,512	\$ 8,579,614	\$ 40,000,282	\$ 305,492,844	\$ 12,695,550

*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 leases payable 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, 2022

2. General Obligation Bonds

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

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

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

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

General obligation bonds at June 30, 2022 consisted of the following:

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

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
1997 Election, Series D					
Principal	\$ 12,390,541	\$ -	\$ 1,057,218	\$ 11,333,323	\$ 1,330,024
Premium	299,105	-	25,521	273,584	32,106
Accreted Interest	15,894,459	1,442,674	1,292,782	16,044,351	1,804,976
1997 Election, Series E					
Principal	14,137,741	-	-	14,137,741	-
Premium	301,361	-	-	301,361	-
Accreted Interest	13,657,273	1,465,706	-	15,122,979	-
1997 Election, Series F					
Principal	580,702	-	-	580,702	-
Premium	35,967	-	-	35,967	-
Accreted Interest	1,026,742	179,974	-	1,206,716	-
1997 Election, Series G					
Principal	28,990,884	-	-	28,990,884	-
Premium	925,828	-	-	925,828	-
Accreted Interest	18,208,524	2,738,789	-	20,947,313	-
2012 Refunding Bonds					
Principal	13,465,000	-	2,280,000	11,185,000	1,525,000
Premium	842,112	-	142,593	699,519	44,869
2015 Refunding Bonds					
Principal	41,713,442	-	1,525,000	40,188,442	1,860,000
Premium	1,227,304	-	44,869	1,182,435	54,725
Accreted Interest	11,979,472	2,366,175	-	14,345,647	-
2020 Series A, Measure U					
Principal	20,000,000	-	1,505,000	18,495,000	1,690,000
Premium	2,454,509	-	184,701	2,269,808	207,406
2020 Series A, Measure T					
Principal	15,830,000	-	1,235,000	14,595,000	1,335,000
Total GO Bonds	<u>\$ 213,960,966</u>	<u>\$ 8,193,318</u>	<u>\$ 9,292,684</u>	<u>\$ 212,861,600</u>	<u>\$ 9,884,106</u>

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

The annual requirements to amortize the bonds outstanding at June 30, 2022 are as follows:

Year Ended June 30,	Principal	Interest	Accreted Interest	Total
2023	\$ 7,740,024	\$ 1,822,868	\$ 1,804,976	\$ 11,367,868
2024	6,028,132	1,625,783	1,996,868	9,650,783
2025	5,706,776	1,426,932	2,283,224	9,416,932
2026	6,216,794	1,237,423	2,418,206	9,872,423
2027	4,373,112	1,111,643	5,186,888	10,671,643
2028-2032	21,167,066	4,743,502	33,517,934	59,428,502
2033-2037	23,063,645	3,810,085	44,496,355	71,370,085
2038-2042	23,797,101	2,567,673	63,862,899	90,227,673
2043-2047	32,631,789	729,071	83,328,211	116,689,071
2048-2052	8,781,653	-	41,603,347	50,385,000
Total	<u>\$ 139,506,092</u>	<u>\$ 19,074,980</u>	<u>\$ 280,498,908</u>	<u>\$ 439,079,980</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, 2022.

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, 2022

Premium

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

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

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

3. Certificates of Participation

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

Certificates of participation issued by the District as of June 30, 2022 consisted of the following:

	Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue
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
2021 COPS	04/08/21	2.00-4.00%	09/01/50	16,455,000
Total COPS				<u>\$ 44,545,000</u>

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
2015 Refunding COPS					
Principal	\$ 15,700,000	\$ -	\$ 1,115,000	\$ 14,585,000	\$ 1,165,000
Premium	1,133,822	-	80,523	1,053,299	84,134
2016 Refunding COPS					
Principal	6,025,000	-	170,000	5,855,000	185,000
Premium	655,453	-	18,494	636,959	20,126
2021 COPS					
Principal	16,455,000	-	665,000	15,790,000	390,000
Premium	797,602	-	32,233	765,369	18,904
Total COPS	<u>\$ 40,766,877</u>	<u>\$ -</u>	<u>\$ 2,081,250</u>	<u>\$ 38,685,627</u>	<u>\$ 1,863,164</u>

The annual requirements to amortize the certificates of participation at June 30, 2022 are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	\$ 1,740,000	\$ 1,326,769	\$ 3,066,769
2024	1,835,000	1,266,568	3,101,568
2025	1,835,000	1,182,143	3,017,143
2026	1,740,000	1,099,493	2,839,493
2027	1,795,000	1,018,343	2,813,343
2028-2032	10,595,000	3,794,953	14,389,953
2033-2037	9,290,000	1,547,815	10,837,815
2038-2042	3,750,000	618,059	4,368,059
2043-2047	2,515,000	285,866	2,800,866
2048-2052	1,135,000	33,782	1,168,782
Total	<u>\$ 36,230,000</u>	<u>\$ 12,173,791</u>	<u>\$ 48,403,791</u>

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

Premium

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

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

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

4. Leases Payable

The District has entered into three lease agreements for the right to use equipment. The Print Shop lease agreement calls for monthly payments of \$2,732 for 36 months commencing July 1, 2021 and ending June 30, 2024. The Sunset lease calls for monthly payments of \$516 for 38 months commencing July 1, 2021 and ending August 31, 2024. The San Ysidro Middle School lease calls for monthly payments of \$557 for 38 months commencing July 1, 2021 and ending on August 31, 2024. The leases have been discounted to present value at an imputed rate of 3.50%.

Future payments on leases payable are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	\$ 43,192	\$ 2,465	\$ 45,657
2024	44,731	926	45,657
2025	2,137	9	2,146
Total	<u>\$ 90,060</u>	<u>\$ 3,400</u>	<u>\$ 93,460</u>

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 accrued interest at a fixed rate of 5.51%. As of June 30, 2022 the balance on the QZAB was paid in full.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

6. Principal Apportionment Repayment Plan

In October 2019, the California Department of Education approved the request for a repayment plan to resolve the impact of an overstatement of principal apportionment for the 2015-16 year. The District and the California Department of Education agreed on the liability of \$1,767,952 to be repaid in annual installments of \$441,988 through 2022. As of June 30, 2022 the balance was paid in full.

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 2021-22 until all interest charges are satisfied.

The repayment plan for the liability is as follows:

Year Ended June 30,	2016-17 Apportionment Repayments
2023	\$ 270,390
2024	270,390
2025	270,390
2026	270,390
2027	270,387
Totals	<u>\$ 1,351,947</u>

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

7. Limited Tax Obligation Bonds

On April 8, 2021, the District issued limited tax obligation bonds between the Community Facilities District (CFD) and the Public Financing Authority (PFA) for the purpose of repaying the 2021 COPs issued. Principal and interest payments are made from the CFD to the PFA semi-annually. The issuance results in both a debt to the CFD and a receivable to the PFA as follows:

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>
2021 Limited Obligation Bonds - CFD	04/08/21	2.00-4.00%	09/01/50	\$ 16,455,000
2021 Limited Obligation Receivable - PFA	04/08/21	2.00-4.00%	09/01/50	(16,455,000)
Total Limited Obligation Bonds				<u>\$ -</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
2021 Limited Obligation Bonds - CFD				
Principal	16,455,000	-	665,000	15,790,000
Premium	797,602	-	32,233	765,369
2021 Limited Obligation Receivable - PFA				
Principal	(16,455,000)	-	(665,000)	(15,790,000)
Premium	(797,602)	-	(32,233)	(765,369)
Total Limited Obligation Bonds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Repayments of the limited obligation bonds are scheduled as follows:

<u>Year Ended June 30,</u>	<u>CFD Principal</u>	<u>CFD Interest</u>	<u>PFA Receivable</u>	<u>Total</u>
2023	\$ 390,000	\$ 450,918	\$ (840,918)	\$ -
2024	410,000	438,818	(848,818)	-
2025	435,000	421,918	(856,918)	-
2026	450,000	404,218	(854,218)	-
2027	510,000	385,018	(895,018)	-
2028-2032	2,910,000	1,587,890	(4,497,890)	-
2033-2037	3,545,000	1,051,940	(4,596,940)	-
2038-2042	3,490,000	614,159	(4,104,159)	-
2043-2047	2,515,000	285,866	(2,800,866)	-
2048-2052	1,135,000	33,782	(1,168,782)	-
Total	<u>\$ 15,790,000</u>	<u>\$ 5,674,527</u>	<u>\$ (21,464,527)</u>	<u>\$ -</u>

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

8. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2022 amounted to \$634,698. This amount is included as part of long-term liabilities in the government-wide financial statements.

9. Net Pension Liability

The District's beginning net pension liability was \$60,679,543 and decreased by \$27,388,768 during the year ended June 30, 2022 for an ending net pension liability of \$33,290,775. See Note M for additional information regarding the net pension liability.

10. Total OPEB Liability

The District's beginning total OPEB liability was \$18,191,841 and increased by \$386,296 during the year ended June 30, 2022 for an ending total OPEB liability of \$18,578,137. See Note N for additional information regarding the total OPEB liability.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

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, 2022 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 (2021-22)	10.250%	10.205%
Required Employer Contribution Rates (2021-22)	16.920%	16.920%
Required State Contribution Rates (2021-22)	10.828%	10.828%

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

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

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

	CalPERS	
	Before Jan. 1, 2013	After Jan. 1, 2013
Hire Date		
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	50-62	52-67
Monthly Benefits as a % of Eligible Compensation	1.1 - 2.5%	1.0 - 2.5%*
Required Employee Contribution Rates (2021-22)	7.000%	7.000%
Required State Contribution Rates (2021-22)	22.910%	22.910%

*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, 2022, California Education Code §22950 requires members to contribute monthly to the system 10.205% (if hired on or after January 1, 2013) or 10.25% (if hired before January 1, 2013) of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS board have been established at 16.92% of creditable compensation for the fiscal year ended June 30, 2022. Beginning in the fiscal year ending on June 30, 2022, and for each fiscal year thereafter, the CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary. Those adjustments are limited to 1% annually, not to exceed 20.25% of creditable compensation. For 2021-22, the employer rate reflects a 2.18% reduction from the rate that was originally required in the funding plan.

CalPERS

California Public Employees' Retirement Law §20814(c) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. For the fiscal year ended June 30, 2022, the employee contribution rate was 7.00% and the employer contribution rate was 22.910% of covered payroll. For 2021-22, the employer rate reflects a 2.16% reduction from the rate originally adopted by the board on April 20, 2021, due to an amendment of Government Code §20825.2.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

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, 2022 the State contributed 10.828% of salaries creditable to CalSTRS. Consistent with the requirements of generally accepted accounting principles, the District has recorded these contributions as revenue and expense in the fund financial statements (current financial resources measurement focus). The government-wide financial statements have recorded revenue and expense for pension expense paid on behalf of the District (economic resources measurement focus). Contributions reported for on behalf payments are based on the District's proportionate share of the State's contribution for the fiscal year. Contributions made by the state on behalf of the District and the State's pension expense associated with District employees for the past three fiscal years are as follows:

Year Ended June 30,	CalSTRS		
	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2020	10.328%	\$ 2,459,957	\$ 777,619
2021	10.328%	2,718,401	1,770,438
2022	10.828%	2,764,805	407,412

The State contributed an additional \$1.1 Billion to CalSTRS during the 2019-20 fiscal year and \$297 Million to CalSTRS during the 2020-21 fiscal year as a continuing settlement associated with SB90.

d. Contributions Recognized

For the fiscal year ended June 30, 2022 (measurement period June 30, 2021), the contributions recognized for each plan were:

Governmental Fund Financial Statements (Current Financial Resources Measurement Focus)			
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 4,436,097	\$ 2,533,413	\$ 6,969,510
Contributions - State On Behalf Payments	407,412	-	407,412
Total Governmental Funds	<u>\$ 4,843,509</u>	<u>\$ 2,533,413</u>	<u>\$ 7,376,922</u>
Government-Wide Financial Statements (Economic Resources Measurement Focus)			
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 3,725,260	\$ 2,255,603	\$ 5,980,863
Contributions - State On Behalf Payments	2,718,401	-	2,718,401
Total Government-Wide	<u>\$ 6,443,661</u>	<u>\$ 2,255,603</u>	<u>\$ 8,699,264</u>

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

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

As of June 30, 2021 (measurement date) the District reported net pension liabilities for its proportionate share of the net pension liability of each plan as follows:

	Proportionate Share of the Net Pension Liability		
	CalSTRS	CalPERS	Total
Governmental Activities	<u>\$ 17,882,969</u>	<u>\$ 15,407,806</u>	<u>\$ 33,290,775</u>

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, 2021. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to measurement date June 30, 2021 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, 2021 and June 30, 2022 were as follows:

	CalSTRS			CalPERS
	District's Proportionate Share	State's Proportionate Share*	Total For District Employees	District's Proportionate Share
<u>Governmental Activities</u>				
Proportion June 30, 2021	0.03910%	0.02780%	0.06690%	0.07440%
Proportion June 30, 2022	0.03930%	0.02910%	0.06840%	0.07580%
Change in Proportion	<u>0.00020%</u>	<u>0.00130%</u>	<u>0.00150%</u>	<u>0.00140%</u>

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

a. Pension Expense

	Governmental Activities		
	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	\$ (19,973,582)	\$ (7,415,186)	\$ (27,388,768)
State On Behalf Pension Expense	407,412	-	407,412
Employer Contributions to Pension Expense	4,436,097	2,533,413	6,969,510
Change in Contributions Subsequent to Measurement Date	(710,837)	(277,810)	(988,647)
Change in Other Deferred Outflows/Inflows of Resources	16,192,248	7,245,307	23,437,555
Total Pension Expense - Governmental	<u>\$ 351,338</u>	<u>\$ 2,085,724</u>	<u>\$ 2,437,062</u>

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

b. Deferred Outflows and Inflows of Resources

At June 30, 2022, The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	CalSTRS	CalPERS	Total
<u>Governmental Activities</u>			
Pension contributions subsequent to measurement date	\$ 4,436,097	\$ 2,533,413	\$ 6,969,510
Differences between actual and expected experience	41,383	480,907	522,290
Changes in assumptions	2,014,724	-	2,014,724
Changes in employer's proportionate share	798,335	598,010	1,396,345
Net difference between projected and actual earnings	-	-	-
Total Deferred Outflows of Resources	<u>\$ 7,290,539</u>	<u>\$ 3,612,330</u>	<u>\$ 10,902,869</u>

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
<u>Governmental Activities</u>			
Differences between actual and expected experience	\$ 1,901,831	\$ 36,322	\$ 1,938,153
Changes in assumptions	-	-	-
Changes in employer's proportionate share	3,525,095	729,380	4,254,475
Net difference between projected and actual earnings	14,171,824	5,927,593	20,099,417
Total Deferred Inflows of Resources	<u>\$ 19,598,750</u>	<u>\$ 6,693,295</u>	<u>\$ 26,292,045</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, 2023. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a five-year period. Pension expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

Year Ended June 30,	Governmental Activities				
	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect on Expenses
	CalSTRS	CalPERS	CalSTRS	CalPERS	
2023	\$ 5,857,242	\$ 3,238,275	\$ (5,168,546)	\$ (1,770,990)	\$ 2,155,981
2024	1,170,706	195,373	(4,819,909)	(1,646,503)	(5,100,333)
2025	102,584	93,446	(4,914,329)	(1,631,266)	(6,349,565)
2026	102,582	85,236	(4,263,965)	(1,644,536)	(5,720,683)
2027	57,425	-	(242,871)	-	(185,446)
Thereafter	-	-	(189,130)	-	(189,130)
Total	<u>\$ 7,290,539</u>	<u>\$ 3,612,330</u>	<u>\$ (19,598,750)</u>	<u>\$ (6,693,295)</u>	<u>\$ (15,389,176)</u>

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

c. Actuarial Assumptions

Total pension liabilities for the fiscal year ended June 30, 2022, were based on actuarial valuations determined using the following actuarial assumptions:

	CalSTRS	CalPERS
Fiscal Year	June 30, 2022	June 30, 2022
Measurement Date	June 30, 2021	June 30, 2021
Valuation Date	June 30, 2020	June 30, 2020
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Experience Study Period	2015 - 2018	1997 - 2015
Actuarial Assumptions:		
Discount Rate	7.10%	7.15%
Inflation	2.75%	2.50%
Wage Growth	3.50%	(3)
Investment Rate of Return	7.10%	7.15%
Post Retirement Benefit Increase	(1)	(4)
Mortality	(2)	(5)

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

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

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.

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalSTRS and CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest quarter of one percent.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

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

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

CalPERS			
Asset Class⁽¹⁾	Assumed Asset Allocation	Real Return Years 1 - 10^(2,4)	Real Return Years 11+^(3,4)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

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

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

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

(4) Figures are based on the previous ALM of 2017

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

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	\$ 36,403,955	\$ 25,979,724
Current Discount Rate	7.10%	7.15%
Net Pension Liability	\$ 17,882,969	\$ 15,407,806
1% Increase	8.10%	8.15%
Net Pension Liability	\$ 2,511,471	\$ 6,630,845

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

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

CalSTRS Governmental Activities

	Increase (Decrease)				
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	State's Share of Net Pension Liability	District's Share of Net Pension Liability
	(a)	(b)	(a) - (b)	(c)	(a) - (b) - (c)
Balance at June 30, 2021					
(Previously Reported)	<u>\$ 229,834,594</u>	<u>\$ 165,067,165</u>	<u>\$ 64,767,429</u>	<u>\$ 26,910,878</u>	<u>\$ 37,856,551</u>
Changes for the year					
CalSTRS auditor adjustment	-	-	-	-	-
Change in proportionate share	5,505,000	3,953,690	1,551,310	1,325,512	225,798
Service cost	5,209,196	-	5,209,196	2,217,908	2,991,288
Interest	16,679,418	-	16,679,418	7,101,561	9,577,857
Difference between expected and actual experience	(2,305,541)	-	(2,305,541)	(981,625)	(1,323,916)
Change in assumptions	-	-	-	-	-
Change in benefits	-	-	-	-	-
Contributions:					
Employer	-	3,940,578	(3,940,578)	(1,677,771)	(2,262,807)
Employee	-	2,561,148	(2,561,148)	(1,090,455)	(1,470,693)
State on behalf	-	2,553,206	(2,553,206)	(1,087,073)	(1,466,133)
Net investment income	-	45,877,209	(45,877,209)	(19,533,043)	(26,344,166)
Other income	-	61,901	(61,901)	(26,356)	(35,545)
Benefit payments ⁽¹⁾	(11,434,040)	(11,434,040)	-	-	-
Administrative expenses	-	(172,150)	172,150	73,296	98,854
Borrowing costs	-	(61,320)	61,320	26,108	35,212
Other expenses	-	(1,165)	1,165	496	669
Net changes	<u>13,654,033</u>	<u>47,279,057</u>	<u>(33,625,024)</u>	<u>(13,651,442)</u>	<u>(19,973,582)</u>
Balance at June 30, 2022	<u><u>\$ 243,488,627</u></u>	<u><u>\$ 212,346,222</u></u>	<u><u>\$ 31,142,405</u></u>	<u><u>\$ 13,259,436</u></u>	<u><u>\$ 17,882,969</u></u>

(1) – Includes refunds of employee contributions

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

CalPERS Governmental Activities

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2021			
(Previously Reported)	\$ 76,086,127	\$ 53,263,134	\$ 22,822,993
Changes for the year			
Change in proportionate share	1,420,804	994,616	426,188
Service cost	1,778,670	-	1,778,670
Interest	5,468,258	-	5,468,258
Difference between expected and actual experience	(48,430)	-	(48,430)
Change in assumptions	-	-	-
Change in benefits	-	-	-
Contributions:			
Employer	-	2,252,110	(2,252,110)
Employee	-	772,233	(772,233)
Nonemployer	-	-	-
Net plan to plan resource movement	-	-	-
Net investment income	-	12,069,342	(12,069,342)
Benefit payments ⁽¹⁾	(3,737,374)	(3,737,374)	-
Administrative expenses	-	(53,812)	53,812
Other expenses	-	-	-
Net changes	4,881,928	12,297,115	(7,415,187)
Balance at June 30, 2022	\$ 80,968,055	\$ 65,560,249	\$ 15,407,806

(1) – Includes refunds of employee contributions

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

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

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, 2022

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, 2021 valuation date, measured as of June 30, 2021 for fiscal year June 30, 2022:

Inactive plan members or beneficiaries currently receiving benefits	28
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	<u>482</u>
	<u>510</u>

5. Total OPEB Liability

The San Ysidro School District's total OPEB liability of \$18,578,137 was measured as of July 1, 2020 and was determined by an actuarial valuation as of June 30, 2021.

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	2.80% per annum
Payroll growth	2.80% per annum, in aggregate
Discount rate	2.19%
Healthcare cost trend rates	7.00% decreasing to 4.50%
Retiree's share of costs	0.00%

Non-economic assumptions:

Mortality

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

Termination Rates:

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

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index.

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

7. Changes in Total OPEB Liability

	Total OPEB Liability
Service cost	\$ 883,281
Interest	499,623
Experience (Gains)/Losses	(563,549)
Changes of assumptions	155,411
Benefit payments	(588,470)
Other	-
Net change in Total OPEB Liability	386,296
Total OPEB Liability - Beginning	18,191,841
Total OPEB Liability - Ending	<u>\$ 18,578,137</u>

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

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

	1% Decrease (1.19%)	Valuation Discount Rate (2.19%)	1% Increase (3.19%)
Total OPEB Liability	\$ 19,980,150	\$ 18,578,137	\$ 17,225,734

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

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

	1% Decrease 6.00% Decreasing to 3.50%	Healthcare Cost Trend Rate 7.00% Decreasing to 4.50%	1% Increase 8.00% Decreasing to 5.50%
Total OPEB Liability	\$ 16,452,264	\$ 18,578,137	\$ 21,065,649

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

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

For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$1,484,953. At June 30, 2022 the District reported the following Deferred Outflows and Deferred Inflows of Resources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Experience (Gains)/Losses	\$ 380,334	\$ 843,044
Changes of assumptions	1,081,676	65,844
Subsequent contributions	<u>449,870</u>	<u>-</u>
Total	<u><u>\$ 1,911,880</u></u>	<u><u>\$ 908,888</u></u>

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Effect on OPEB Expense</u>
2023	\$ 672,714	\$ (120,795)	\$ 551,919
2024	222,844	(120,795)	102,049
2025	222,844	(120,795)	102,049
2026	222,844	(120,791)	102,053
2027	222,844	(104,333)	118,511
Thereafter	<u>347,790</u>	<u>(321,379)</u>	<u>26,411</u>
Total	<u><u>\$ 1,911,880</u></u>	<u><u>\$ (908,888)</u></u>	<u><u>\$ 1,002,992</u></u>

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

O. Risk Management

The District is exposed to risk of losses due to:

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

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

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

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

P. Adjustment to Beginning Net Position

The District made corrections to accumulated depreciation, bond premiums, unamortized debt issue costs, and unamortized refunding losses based on errors noted in the prior year balances.

	Government- Wide Financial Statements
Beginning Net Position as Reported in June 30, 2021 Audit Report	\$ (125,921,555)
Adjustments to Beginning Balance	
Correction to Accumulated Depreciation	166,013
Correction to Bond Premiums	(419,912)
Correction to Unamortized Debt Issue Costs	1,513,605
Correction to Unamortized Refunding Losses	(40,418)
Beginning Net Position as Restated	<u><u>\$ (124,702,267)</u></u>

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

Q. Participation in Joint Powers Authorities

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

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

R. Commitments and Contingencies

1. State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to 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, 2022.

3. Construction Commitments

As of June 30, 2022, 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>
Generator Project	\$ 832,488	December 2022
Sunset Elementary HVAC	200,000	December 2023

*Expected date of completion subject to change

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

S. Deferred Outflows of Resources

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

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

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

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

A summary of the deferred outflows of resources as of June 30, 2022 is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Refunding Losses				
2012 Refunding Bonds	\$ 1,122,732	\$ -	\$ 124,748	\$ 997,984
2015 Refunding Bonds	10,151,514	-	362,555	9,788,959
2021 Measure T Refunding	625,799	-	25,031	600,768
2015 Refunding COPs	807,156	-	57,654	749,502
2016 Refunding COPs	522,716	-	30,748	491,968
2021 Refunding COPs	1,443,883	-	57,763	1,386,120
Prepaid Debt Insurance	2,230,422	-	97,400	2,133,022
OPEB related	2,117,913	605,281	811,314	1,911,880
Pension related				
CalSTRS	8,058,304	4,661,895	5,429,660	7,290,539
CalPERS	4,413,075	2,959,601	3,760,346	3,612,330
Total Deferred Outflows of Resources	<u>\$ 31,493,514</u>	<u>\$ 8,226,777</u>	<u>\$ 10,757,219</u>	<u>\$ 28,963,072</u>

Future amortization of deferred outflows is as follows:

Year Ending June 30,	Refunding Losses	Prepaid Debt Insurance	Pension Related	OPEB Related	Total
2023	\$ 658,492	\$ 95,585	\$ 5,857,242	\$ 672,714	\$ 7,284,033
2024	658,491	65,833	4,408,981	222,844	5,356,149
2025	658,491	57,882	297,957	222,844	1,237,174
2026	658,491	61,734	196,028	222,844	1,139,097
2027	658,491	43,577	142,661	222,844	1,067,573
Thereafter	10,722,845	1,808,411	-	347,790	12,879,046
Total	<u>\$ 14,015,301</u>	<u>\$ 2,133,022</u>	<u>\$ 10,902,869</u>	<u>\$ 1,911,880</u>	<u>\$ 28,963,072</u>

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

T. Deferred Inflows of Resources

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

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

A summary of the deferred inflows of resources as of June 30, 2022 is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
OPEB related	\$ 466,134	\$ 563,549	\$ 120,795	\$ 908,888
Pension related				
CalSTRS	4,885,104	20,828,196	6,114,550	19,598,750
CalPERS	526,543	8,271,110	2,104,358	6,693,295
Total Deferred Inflows of Resources	<u>\$ 5,877,781</u>	<u>\$ 29,662,855</u>	<u>\$ 8,339,703</u>	<u>\$ 27,200,933</u>

Future amortization of deferred inflows is as follows:

Year Ending June 30,	Pension Related	OPEB Related	Total
2023	\$ 5,168,546	\$ 120,795	\$ 5,289,341
2024	6,590,899	120,795	6,711,694
2025	6,560,832	120,795	6,681,627
2026	5,895,231	120,791	6,016,022
2027	1,887,407	104,333	1,991,740
Thereafter	189,130	321,379	510,509
Total	<u>\$ 26,292,045</u>	<u>\$ 908,888</u>	<u>\$ 27,200,933</u>

San Ysidro School District

Notes to the Financial Statements, Continued

June 30, 2022

U. Upcoming Accounting Guidance

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

Description	Date Issued	Fiscal Year Effective
GASB Statement 91, Conduit Debt Obligations	05/2019	2022-23
GASB Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements	03/2020	2022-23
GASB Statement 96, Subscription-Based Information Technology Arrangements	05/2020	2022-23
GASB Statement No. 99, Omnibus 2022	04/2022	2022-23 Thru 2023-24
GASB Statement No. 100, Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62	06/2022	2024-25
GASB Statement No. 101, Compensated Absences	06/2022	2024-25
GASB Implementation Guide No. 2021-1, Implementation Guidance Update – 2021	05/2021	2021-22 Thru 2023-24

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

Required Supplementary Information

San Ysidro School District

Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance to Final Budget Positive (Negative)
	Original	Final		
Revenues				
LCFF Sources				
State Apportionment	\$ 23,936,415	\$ 24,770,080	\$ 23,257,242	\$ (1,512,838)
Education Protection Account	842,378	842,132	842,248	116
Property Taxes	23,361,073	23,909,772	25,638,271	1,728,499
Federal Revenue	6,724,758	19,765,942	9,806,560	(9,959,382)
Other State Revenue	8,472,208	7,675,944	10,037,141	2,361,197
Interest Income	60,000	60,000	117,967	57,967
FMV Adjustment	-	-	(434,756)	(434,756)
Other Local Revenue	3,371,895	3,391,895	3,718,055	326,160
Total Revenues	<u>66,768,727</u>	<u>80,415,765</u>	<u>72,982,728</u>	<u>(7,433,037)</u>
Expenditures				
Current Expenditures:				
Certificated Salaries	27,694,416	32,703,854	27,495,610	5,208,244
Classified Salaries	11,049,930	12,078,915	11,331,022	747,893
Employee Benefits	15,623,463	17,308,039	16,233,833	1,074,206
Books and Supplies	2,596,824	4,174,249	2,648,259	1,525,990
Services and Other Operating	8,486,070	17,468,939	8,922,009	8,546,930
Other Outgo	-	-	54,718	(54,718)
Direct Support/Indirect Costs	(202,745)	(157,841)	(145,196)	(12,645)
Capital Outlay	-	5,700,146	1,055,336	4,644,810
Debt Service				
Principal	966,008	966,008	1,007,717	(41,709)
Interest	-	-	5,754	(5,754)
Total Expenditures	<u>66,213,966</u>	<u>90,242,309</u>	<u>68,609,062</u>	<u>21,633,247</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>554,761</u>	<u>(9,826,544)</u>	<u>4,373,666</u>	<u>14,200,210</u>
Other Financing Sources (Uses)				
Transfers In	-	-	20,062	20,062
Net Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>20,062</u>	<u>20,062</u>
Net Change in Fund Balance	554,761	(9,826,544)	4,393,728	14,220,272
Fund Balance - Beginning of Year	<u>12,845,389</u>	<u>12,845,389</u>	<u>12,845,389</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 13,400,150</u>	<u>\$ 3,018,845</u>	<u>\$ 17,239,117</u>	<u>\$ 14,220,272</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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.0393%	0.0391%	0.0456%	0.0446%	0.0432%	0.0415%	0.0415%	0.0423%	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 17,882,969	\$ 37,856,551	\$ 41,156,819	\$ 40,962,948	\$ 39,966,263	\$ 33,537,341	\$ 27,965,531	\$ 24,714,443	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	13,259,436	26,910,878	21,804,471	22,991,514	23,686,041	20,756,543	15,969,232	12,924,473	N/A	N/A
Total	<u>\$ 31,142,405</u>	<u>\$ 64,767,429</u>	<u>\$ 62,961,290</u>	<u>\$ 63,954,462</u>	<u>\$ 63,652,304</u>	<u>\$ 54,293,884</u>	<u>\$ 43,934,763</u>	<u>\$ 37,638,916</u>	<u>N/A</u>	<u>N/A</u>
District's covered payroll**	\$ 23,089,158	\$ 24,048,380	\$ 24,493,796	\$ 23,669,577	\$ 22,849,650	\$ 20,601,258	\$ 19,195,832	\$ 18,740,145	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	77.45%	157.42%	168.03%	173.06%	174.91%	162.79%	145.69%	131.88%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	87.21%	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%	76.52%	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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 4,436,097	\$ 3,728,899	\$ 4,112,273	\$ 3,987,590	\$ 3,415,520	\$ 2,874,486	\$ 2,210,515	\$ 1,704,590	N/A	N/A
Contributions in relation to the contractually required contribution	<u>(4,436,097)</u>	<u>(3,728,899)</u>	<u>(4,112,273)</u>	<u>(3,987,590)</u>	<u>(3,415,520)</u>	<u>(2,874,486)</u>	<u>(2,210,515)</u>	<u>(1,704,590)</u>	N/A	N/A
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	N/A	N/A
District's covered payroll**	\$ 26,218,067	\$ 23,089,158	\$ 24,048,380	\$ 24,493,796	\$ 23,669,577	\$ 22,849,650	\$ 20,601,258	\$ 19,195,832	N/A	N/A
Contributions as a percentage of covered payroll	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%	N/A	N/A

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

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

See Accompanying Notes to Required Supplementary Information

San Ysidro School District

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

Last Ten Fiscal Years*

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.0758%	0.0744%	0.0777%	0.0791%	0.0737%	0.0673%	0.0598%	0.0623%	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 15,407,806	\$ 22,822,992	\$ 22,644,792	\$ 21,090,817	\$ 17,598,194	\$ 13,292,253	\$ 8,815,645	\$ 7,067,431	N/A	N/A
District's covered payroll**	\$ 10,879,821	\$ 10,810,451	\$ 10,873,807	\$ 10,546,906	\$ 9,468,052	\$ 8,150,089	\$ 6,650,956	\$ 6,545,787	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	141.62%	211.12%	208.25%	199.97%	185.87%	163.09%	132.55%	107.97%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	80.97%	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%	83.38%	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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 2,533,413	\$ 2,252,123	\$ 2,131,929	\$ 1,964,027	\$ 1,638,040	\$ 1,314,923	\$ 965,541	\$ 782,884	N/A	N/A
Contributions in relation to the contractually required contribution	(2,533,413)	(2,252,123)	(2,131,929)	(1,964,027)	(1,638,040)	(1,314,923)	(965,541)	(782,884)	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A
District's covered payroll**	\$ 11,058,110	\$ 10,879,821	\$ 10,810,451	\$ 10,873,807	\$ 10,546,906	\$ 9,468,052	\$ 8,150,089	\$ 6,650,956	N/A	N/A
Contributions as a percentage of covered payroll	22.910%	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%	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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total OPEB liability:										
Service cost	\$ 883,281	\$ 801,272	\$ 691,833	\$ 684,496	\$ 661,989	N/A	N/A	N/A	N/A	N/A
Interest	499,623	554,220	544,221	507,697	482,353	N/A	N/A	N/A	N/A	N/A
Changes of benefit terms	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A
Experience differences	(563,549)	(431,806)	570,501	-	-	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	155,411	704,854	590,377	(131,692)	-	N/A	N/A	N/A	N/A	N/A
Other	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A
Benefit payments	(588,470)	(455,913)	(470,127)	(431,726)	(411,168)	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	386,296	1,172,627	1,926,805	628,775	733,174	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	18,191,841	17,019,214	15,092,409	14,463,634	13,730,460	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	<u>\$ 18,578,137</u>	<u>\$ 18,191,841</u>	<u>\$ 17,019,214</u>	<u>\$ 15,092,409</u>	<u>\$ 14,463,634</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Covered payroll	35,066,824	33,919,198	32,931,260	\$ 30,005,000	\$ 30,005,000	N/A	N/A	N/A	N/A	N/A
Total OPEB liability as a percentage of covered payroll	52.98%	53.63%	51.68%	50.30%	48.20%	N/A	N/A	N/A	N/A	N/A

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

See Accompanying Notes to Required Supplementary Information

San Ysidro School District

Notes to Required Supplementary Information
For the Year Ended June 30, 2022

Excess of Expenditures Over Appropriations

As of June 30, 2022, the District's expenditures which exceeded appropriations in the following categories:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>	<u>Reason for Excess Expenditures</u>
General Fund:		
Other Outgo	\$ 54,718	The District did not budget for transfers to county offices of education.
Indirect Costs	12,645	The District underestimated transfers due to indirect costs.
Debt Service	47,463	The District did not budget for leases recorded with GASB 87 as debt principal and interest.

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, 2022

Schedule of District's Proportionate Share – CalSTRS

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

Schedule of District's Contributions – CalSTRS

The total pension liability for California State Teachers' Retirement System (CalSTRS) for measurement date June 30, 2021, was determined with a valuation completed June 30, 2020 (released in May 2021). In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

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

Reporting Period	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Measurement Date	06/30/18	06/30/19	06/30/20	06/30/21
Valuation Date	06/30/17	06/30/18	06/30/19	06/30/20
Experience Study	07/01/06 - 06/30/15	07/01/06 - 06/30/15	07/01/15 - 06/30/18	07/01/15 - 06/30/18
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return ⁽¹⁾	7.10%	7.10%	7.10%	7.10%
Consumer Price Inflation	2.75%	2.75%	2.75%	2.75%
Wage Growth (Average)	3.50%	3.50%	3.50%	3.50%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

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

CalSTRS uses a generational mortality assumption, which involves the use of base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among CalSTRS members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.

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

San Ysidro School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2022

Schedule of District's Proportionate Share – CalPERS

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

Schedule of District's Contributions – CalPERS

The total pension liability for California Public Employees Retirement System – School Pool (CalPERS) for measurement date June 30, 2021, was determined with a valuation completed June 30, 2020. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

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

Reporting Period	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Measurement Date	06/30/18	06/30/19	06/30/20	06/30/21
Valuation Date	06/30/17	06/30/18	06/30/19	06/30/20
Experience Study	07/01/97 - 06/30/15	07/01/97 - 06/30/15	07/01/97 - 06/30/15	07/01/97 - 06/30/15
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.15%	7.15%	7.15%	7.15%
Consumer Price Inflation	2.50%	2.50%	2.50%	2.50%
Wage Growth (Average)	3.00%	3.00%	2.75%	2.75%
Post-retirement Benefit Increases	2.00% Simple	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, 2022

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

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

<u>Year</u>	<u>Discount Rate</u>
2018	3.50%
2019	3.15%
2020	2.20%
2021	2.66%
2022	2.19%

Combining Statements as Supplementary Information

San Ysidro School District

Combining Balance Sheet – Nonmajor Governmental Funds

June 30, 2022

	Special Revenue Funds			Capital Projects Funds			Total
	Associated Student Body Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve For Capital Outlay	Nonmajor Governmental Funds
Assets							
Cash and Investments	\$ 40,809	\$ 748,659	\$ 944,457	\$ 4,556,450	\$ 6,093,861	\$ 89,779	\$ 12,474,015
Accounts Receivable	-	297,273	726,788	9,160	7,131	7,177	1,047,529
Due from Other Funds	-	14,491	42,132	-	-	-	56,623
Stores Inventories	-	-	68,261	-	-	-	68,261
Total Assets	<u>\$ 40,809</u>	<u>\$ 1,060,423</u>	<u>\$ 1,781,638</u>	<u>\$ 4,565,610</u>	<u>\$ 6,100,992</u>	<u>\$ 96,956</u>	<u>\$ 13,646,428</u>
Liabilities and Fund Balance:							
Liabilities:							
Accounts Payable	-	6,359	30,384	-	-	-	36,743
Due to Other Funds	-	335,262	918,583	66,597	-	-	1,320,442
Unearned Revenue	-	313,812	11,596	-	-	-	325,408
Total Liabilities	<u>-</u>	<u>655,433</u>	<u>960,563</u>	<u>66,597</u>	<u>-</u>	<u>-</u>	<u>1,682,593</u>
Fund Balance:							
Nonspendable	-	-	68,261	-	-	-	68,261
Restricted	40,809	404,990	752,814	4,499,013	6,100,992	96,956	11,895,574
Total Fund Balance	<u>40,809</u>	<u>404,990</u>	<u>821,075</u>	<u>4,499,013</u>	<u>6,100,992</u>	<u>96,956</u>	<u>11,963,835</u>
Total Liabilities and Fund Balances	<u>\$ 40,809</u>	<u>\$ 1,060,423</u>	<u>\$ 1,781,638</u>	<u>\$ 4,565,610</u>	<u>\$ 6,100,992</u>	<u>\$ 96,956</u>	<u>\$ 13,646,428</u>

San Ysidro School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds June 30, 2022

	Special Revenue Funds			Capital Projects Funds			Total
	Associated Student Body Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve For Capital Outlay	Nonmajor Governmental Funds
Revenues							
Federal Revenue	\$ -	\$ 440,713	\$ 2,764,377	\$ -	\$ -	\$ -	\$ 3,205,090
Other State Revenue	-	1,148,583	156,571	-	6,246,238	-	7,551,392
Interest Income	-	5,142	7,024	27,726	9,137	14,747	63,776
FMV Adjustment	-	(21,648)	(27,152)	(125,237)	(154,383)	(2,274)	(330,694)
Other Local Revenue	70,173	81,890	21,624	766,230	-	2,004	941,921
Total Revenues	<u>\$ 70,173</u>	<u>\$ 1,654,680</u>	<u>\$ 2,922,444</u>	<u>\$ 668,719</u>	<u>\$ 6,100,992</u>	<u>\$ 14,477</u>	<u>\$ 11,431,485</u>
Expenditures							
Current Expenditures:							
Instruction	-	1,024,205	-	-	-	-	1,024,205
Instruction - Related Services	-	284,566	-	-	-	-	284,566
Pupil Services	-	93,797	2,406,192	-	-	-	2,499,989
Ancillary Services	84,908	-	-	-	-	-	84,908
General Administration	-	62,430	82,766	-	-	-	145,196
Plant Services	-	93,299	2,488	-	-	-	95,787
Total Expenditures	<u>84,908</u>	<u>1,558,297</u>	<u>2,491,446</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,134,651</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(14,735)</u>	<u>96,383</u>	<u>430,998</u>	<u>668,719</u>	<u>6,100,992</u>	<u>14,477</u>	<u>7,296,834</u>
Other Financing Sources (Uses):							
Transfers Out	-	-	-	(20,062)	-	-	(20,062)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,062)</u>	<u>-</u>	<u>-</u>	<u>(20,062)</u>
Net Change in Fund Balance	(14,735)	96,383	430,998	648,657	6,100,992	14,477	7,276,772
Fund Balance, Beginning of Year	55,544	308,607	390,077	3,850,356	-	82,479	4,687,063
Fund Balance, End of Year	<u>\$ 40,809</u>	<u>\$ 404,990</u>	<u>\$ 821,075</u>	<u>\$ 4,499,013</u>	<u>\$ 6,100,992</u>	<u>\$ 96,956</u>	<u>\$ 11,963,835</u>

Other Supplementary Information

San Ysidro School District

Local Education Agency Organization Structure

June 30, 2022

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

GOVERNING BOARD

Name	Office	Term and Term Expiration
Rodolfo Lopez	President	Four Year Term Expires December 2022
Rosaleah Pallasigue	Vice President	Four Year Term Expires December 2024
Irene Lopez	Clerk	Four Year Term Expires December 2022
Antonio Martinez	Member	Four Year Term Expires December 2024
Vacant	N/A	N/A

ADMINISTRATION

Gina A. Potter, Ed.D
Superintendent

David Farkas, Ed.D
Assistant Superintendent

Marilyn Adrianzen
Chief Business Official

Cynthia Gonzalez
Executive Director
Educational Services

Linda Olea
Executive Director
Human Resources

San Ysidro School District

Schedule of Average Daily Attendance Year Ended June 30, 2022

	Second Period Report		Annual Report	
	Original D07755E6	Revised	Original AF2EC9A8	Revised
TK/K-3				
Regular ADA	1,645.85	1,569.91	1,654.14	1,572.03
Extended Year Special Education	0.69	0.69	0.69	0.69
Total TK/K-3	1,646.54	1,570.60	1,654.83	1,572.72
Grades 4-6				
Regular ADA	1,341.28	1,239.82	1,350.25	1,250.58
Extended Year Special Education	0.69	0.69	0.69	0.69
Special Education - NPS	1.75	1.75	1.97	1.97
Total Grades 4-6	1,343.72	1,242.26	1,352.91	1,253.24
Grades 7-8				
Regular ADA	848.86	810.81	845.67	800.26
Extended Year Special Education	0.09	0.09	0.09	0.09
Special Education - NPS	2.63	2.63	2.62	2.62
Extended Year Special Education - NPS	2.19	2.19	2.19	2.19
Total Grades 7-8	853.77	815.72	850.57	805.16
Total ADA	3,844.03	3,628.58	3,858.31	3,631.12

Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts and charter schools. This schedule provides information regarding the attendance of students by grade span and adjustments to the attendance as a result of an audit finding when applicable.

San Ysidro School District

Schedule of Instructional Time

Year Ended June 30, 2022

Grade Level	Annual Minutes Requirement	Actual Minutes Offered	J-13A Minutes	Total Minutes	Number of Actual Days Offered (Traditional)	J-13A Days	Total Instructional Days	Status
Transitional Kindergarten	36,000	39,225	0	39,225	180	0	180	Complied
Kindergarten	36,000	50,835	0	50,835	180	0	180	Complied
1st Grade	50,400	54,810	0	54,810	180	0	180	Complied
2nd Grade	50,400	54,810	0	54,810	180	0	180	Complied
3rd Grade	50,400	54,810	0	54,810	180	0	180	Complied
4th Grade	54,000	54,810	0	54,810	180	0	180	Complied
5th Grade	54,000	54,810	0	54,810	180	0	180	Complied
6th Grade	54,000	54,810	0	54,810	180	0	180	Complied
7th Grade	54,000	55,326	0	55,326	180	0	180	Complied
8th Grade	54,000	55,326	0	55,326	180	0	180	Complied

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

1) EC §46207: As a condition of apportionment the following annual instructional minutes must be offered:

- To pupils in Kindergarten 36,000 minutes
- To pupils in grades 1 to 3 50,400 minutes
- To pupils in grades 4 to 8 54,000 minutes
- To pupils in grades 9 to 12 64,800 minutes

2) EC §46208: As a condition of apportionment 180 school days must be offered for traditional calendars. In order to qualify as a school day the following minimum daily minutes must be met:

- EC §46112: Grades 1 to 3 230 minutes
- EC §46113: Grades 4 to 8 240 minutes
- EC §46114: Kindergarten 180 minutes
- EC §46141: Grades 9 to 12 240 minutes

San Ysidro School District

Schedule of Financial Trends and Analysis Year Ended June 30, 2022

<u>General Fund</u>	<u>Budget 2023 (See Note 1)</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenues and Other Financing Sources	\$ 71,622,662	\$ 73,002,790	\$ 68,243,421	\$ 62,408,312
Expenditures and Other Financing Uses	71,780,512	68,609,062	58,886,540	61,549,855
Net Change in Fund Balance	(157,850)	4,393,728	9,356,881	858,457
Ending Fund Balance	<u>\$ 17,081,267</u>	<u>\$ 17,239,117</u>	<u>\$ 12,845,389</u>	<u>\$ 3,488,508</u>
Available Reserves (See Note 2)	<u>\$ 2,153,416</u>	<u>\$ 2,063,544</u>	<u>\$ 2,284,683</u>	<u>\$ 2,735,528</u>
Available Reserves as a Percentage of Total Outgo	<u>3.00%</u>	<u>3.01%</u>	<u>3.88%</u>	<u>4.44%</u>
Long Term Debt (See Note 3)	<u>\$ 246,954,293</u>	<u>\$ 252,989,234</u>	<u>\$ 257,177,567</u>	<u>\$ 225,776,817</u>
Average Daily Attendance at P2	<u>3,916</u>	<u>3,629</u>	<u>N/A</u>	<u>4,203</u>

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

The general fund balance has increased by \$13,750,609 (394%) over the past two years. The fiscal year 2022-23 budget projects a decrease of \$157,850 (1%). 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 \$27,212,417 over the past two years.

ADA has decreased by 574 as compared to 2019-20. As a result of the COVID-19 pandemic there was no attendance reporting for the 2020-21 fiscal year. Each LEA was funded based on the 2019-20 average daily attendance (ADA) reported.

Notes:

1. Budget 2023 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.
3. Long-term debt consists of general obligation bonds, QZAB bonds, certificates of participation, principal apportionment payable, and leases payable.

San Ysidro School District**Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2022**

All balances as reported in the Annual Financial and Budget Report are in agreement with the Audited Financial Statements.

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, 2022

The San Ysidro School District did not sponsor any charter schools as of June 30, 2022.

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, 2022

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Subrecipient Expenditures	Total Federal Expenditures
CHILD NUTRITION CLUSTER:				
<u>U.S. Department of Agriculture</u>				
Passed through California Department of Education				
School Breakfast Program	10.553	13525	\$ -	\$ 357,138
National School Lunch Program	10.555	13396	-	2,010,151
National School Lunch Program - Noncash Commodities	10.555	13396	-	140,367
Total Child Nutrition Cluster			-	2,507,656
SPECIAL EDUCATION (IDEA) CLUSTER:				
<u>U.S. Department of Education</u>				
Passed through California Department of Education				
IDEA Basic Local Assistance	84.027	13379	-	862,899
IDEA Local Assistance, Private Schools	84.027	10115	-	5,588
IDEA Preschool Grants	84.173	13430	-	58,697
IDEA Preschool Staff Dev.	84.173	13431	-	969
Total Special Education (IDEA) Cluster			-	928,153
OTHER PROGRAMS:				
<u>U.S. Department of Health and Human Services</u>				
Passed through California Department of Education				
ARP California State Preschool One-time Stipend	93.575	15640	-	3,216
Head Start Program	93.600	10016	-	341,115
<u>U.S. Department of Education</u>				
Passed through California Department of Education				
Title I	84.010	14329	-	1,149,539
ESSA School Improvement Funding for LEAs	84.010	15438	-	357,756
MCKINNEY - Vento Homeless Assist Act/FF	84.196	14332	-	56,717
21st Century - ASSETS	84.287	14535	-	140,034
Title III English Learner Student Program	84.365	14346	-	213,108
Title II Supporting Effective Instruction	84.367	14341	-	201,093
Title IV Student Support & Academic Enrichment	84.424	15396	-	117,588
American Rescue Plan - Homeless Children and Youth	84.425	15564	-	28,034
ESSER II	84.425D	15547	-	3,291,124
ESSER III	84.425D	15559	-	3,162,844
Total Other Programs			-	9,062,168
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 12,497,977

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, 2022

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 5.86% based on the rate approved by the California Department of Education for each program which did not have a pre-defined allowable indirect cost rate. The District did not elect to use the 10% de minimis cost rate as covered in 2 CFR §200.414 *Indirect Costs*. The following programs utilized a lower indirect cost rate based on program restrictions or other factors determined by the District:

<u>Program</u>	<u>CFDA #</u>	<u>Indirect Cost Rate</u>
Title 1	84.010	1.43%
ESSER III	84.425D	5.51%
21st Century - ASSETS	84.287	3.54%
Child Nutrition Cluster	10.553, 10.555	5.48%

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	\$ 1,149,539

Chula Vista Elementary School District

Notes to the Schedule of Expenditures of Federal Awards, Continued

Year Ended June 30, 2022

Personal Protective Equipment (PPE) (Unaudited)

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

Reconciliation of Revenues

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

As a result of one time funding intended to be expended over multiple years, the District had programs which received revenue that was not expended in it's entirety during the fiscal year ended June 30, 2022.

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

Total Federal Revenues on Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 13,011,650
Less: Unexpended Child Nutrition Revenue	(253,656)
Less: Amounts representing Medi-Cal	(160,570)
Less: Unexpended Child Care and Development Revenue	(96,384)
Less: Unexpended Pandemic EBT Grant	<u>(3,063)</u>
Total Federal Expenditures on Schedule of Expenditures of Federal Awards	<u>\$ 12,497,977</u>

Other Independent Auditors' Reports

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

To the Board of Education
San Ysidro School District

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, each major fund, and the aggregate remaining fund information of the San Ysidro School District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 14, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* because it is a noncompliance matter that is material to the financial statements. The matter is reported in the schedule of findings and questioned costs as item 2022-001

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 Hadley King & Co LLP

El Cajon, California
April 14, 2023

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

To the Board of Education
San Ysidro School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion the District complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 *US Code of Federal Regulations Part 200, Uniform Administrative requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

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

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

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

Wilkinson Hadley King & Co LLP

El Cajon, California
April 14, 2023

Independent Auditor's Report on State Compliance and on
Internal Control over State Compliance

To the Board of Education
San Ysidro School District

Report on Compliance for Applicable State Programs

Opinion on Each Applicable State Program

We have audited the San Ysidro School District's (the District) compliance with the requirements specified in the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 identified below for the year ended June 30, 2022.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above on each of its applicable state programs for the year ended June 30, 2022.

Basis for Opinion on Each Applicable State Program

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 *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 (the Audit Guide). Our responsibilities under those standards and the Audit Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Audit Guide will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each applicable state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Audit Guide, we:

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

<u>Local Education Agencies Other than Charter Schools</u>		Procedures Performed
A.	Attendance.....	Yes
B.	Teacher Certification and Misassignments.....	Yes
C.	Kindergarten Continuance.....	Yes
D.	Independent Study.....	Yes
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

		Procedures Performed
<u>School Districts, County Offices of Education, and Charter Schools</u>		
T.	California Clean Energy Jobs Act.....	N/A
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
Z.	Immunizations.....	No
AZ.	Educator Effectiveness.....	Yes
BZ.	Expanded Learning Opportunities Grant (ELO-G).....	Yes
CZ.	Career Technical Education Incentive Grant.....	N/A
DZ.	In Person Instruction Grant.....	Yes

N/A – The School District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

We did not perform procedures for Immunizations because the school sites for the District did not appear on the California Department of Public Health list of LEAs that are subject to the audit of immunizations.

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Audit Guide and which is described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each applicable state program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over State 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 state 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 state 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 state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810. Accordingly, this report is not suitable for any other purpose.

Wilkinson Hadley King & Co LLP

El Cajon, California
April 14, 2023

Auditor's Results, Findings & Recommendations

San Ysidro School District

Schedule of Auditor's Results

Year Ended June 30, 2022

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)?

 Yes X No

Noncompliance material to financial statements noted?

 X Yes No

FEDERAL AWARDS

Internal control over major programs:

One or more material weakness(es) identified?

 Yes X No

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

 Yes X No

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

Unmodified

Compliance supplement utilized for single audit

July 2022

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

 Yes X No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

10.553, 10.555

Child Nutrition Cluster

84.367

Title II Supporting Effective Instruction

84.425

American Rescue Plan - Homeless Children and Youth

84.425D

ESSER II

84.425D

ESSER III

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

\$750,000

Auditee qualified as low-risk auditee?

 X Yes No

San Ysidro School District

Schedule of Auditor's Results, Continued

Year Ended June 30, 2022

STATE AWARDS

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

Internal control over applicable state 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

Any audit findings disclosed that are required to be reported
in accordance with *2021-22 Guide for Annual Audits
of California K-12 Local Education Agencies?*

 X Yes No

San Ysidro School District

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

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 *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Finding codes as identified in the *2021-22 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

None

B. Federal Awards

None

C. State Award Findings

Finding Number: 2022-001
Repeat Finding: No
Program Name: Independent Study
Questioned Costs: See Potential Fiscal Impact
Type of Finding: Internal Control & Compliance – Independent Study (10000)

Criteria or Specific Requirement

California Education Code §51747(g) establishes a requirement that a current written agreement for each independent study pupil be maintained on file, and that it include specific required elements. The written agreement is a condition of apportionment for independent study ADA claimed.

San Ysidro School District

Schedule of Findings and Questioned Costs, Continued

Year Ended June 30, 2022

Condition

In our review of independent study we identified the following:

A. Independent study agreements were missing the following required elements:

1. The manner, time, frequency, and place for submitting a pupil's assignments and for reporting his or her progress, and for communicating with a pupil's parent or guardian regarding a pupil's academic progress.
2. The objectives and methods of study for the pupil's work.
3. The methods used to evaluate the pupil's work.
4. The specific resources, including materials and personnel, to be made available to the pupils including access to the connectivity and devices adequate to participate in the educational program and complete assigned work.
5. A statement of the policies adopted pursuant to subdivisions (a) and (b) of Education Code §51747.
6. A statement of the number of course credits or, for elementary grades, other measures of academic accomplishment appropriate to the agreement, to be earned by the pupil upon completion.
7. A statement detailing the academic and other supports that will be provided to address the needs of pupils who are not performing at grade level, or need support in other areas, such as English learners, individuals with exceptional needs in order to be consistent with the individualized education program or plan pursuant to Education Code §504 of the Federal Rehabilitation Act of 1973 (29 USC Sec 794), pupils in foster care or experiencing homelessness, and pupils requiring mental health supports.
8. Signatures, affixed no later than 30 days after the first day of independent study instruction or October 15, whichever date comes later, by the pupil's parent, legal guardian, or caregiver as defined by Family Code §6550, if the pupil is less than 18 years old.

B. We noted that the District was unable to provide independent study agreements for 9 students tested.

Cause

Independent study was a new program for the District for the 2021-22 fiscal year. Additionally, the laws were new and enacted with a rapid turnaround. In the process of establishing the program to meet the needs of students within the District, the master agreements created did not include all of the required elements. In addition, the District did not have a system in place to ensure all contracts were obtained and maintained in the student file.

Effect

The District is out of compliance with some parts of Education Code §51747 which results in an ADA overstatement of 215.45 at P2 and 227.19 at Annual.

San Ysidro School District

Schedule of Findings and Questioned Costs, Continued

Year Ended June 30, 2022

Context

Subsequent to the year, the legislature established the 2021-22 ADA Protection trailer bill clarifying ADA protection requirements. Under the trailer bill the District qualifies for protection from ADA reductions if the District can certify that they (1) offered independent study to all students for the 2021-22 school year and notified parents of that option by November 1, 2021; and (2) adopted written policies by November 1, 2021 for independent study and have verifiable documentation that they offered live interaction and synchronous instruction, or have pupil work product that is equivalent to in person instruction.

Fiscal Impact

Should the state, after review of the facts and circumstances in the finding, determine that they will disallow ADA from independent study as a result of this finding, the fiscal impact is considered apportionment significant to the District. Potential fiscal impact is calculated as follows:

<u>Grade Span</u>	<u>ADA Questioned P2</u>	<u>LCFF Derived Value of ADA</u>	<u>Potential Fiscal Impact</u>	<u>ADA Questioned Annual</u>
Grades TK/K-3	75.94	\$ 12,155.26	\$ 923,070.44	82.11
Grades 4-6	101.46	11,175.77	1,133,893.62	99.67
Grades 7-8	38.05	11,506.35	437,816.62	45.41
Total Fiscal Impact	<u>215.45</u>		<u>\$ 2,494,780.68</u>	<u>227.19</u>

Recommendation

We recommend that the District review and update independent study master agreements to include all required elements. In addition, we recommend the District provide training to all employees completing documentation for independent study to ensure that they are keeping all required agreements in the student files as well as filling out all agreements completely.

Views of Responsible Officials

See Corrective Action Plan



GOVERNING BOARD

Rosaleah Pallasigue, President
Irene Lopez, Vice-President

Zenaida Rosario, Clerk
Rodolfo Lopez, Member
Antonio Martinez, Member

Quality education and opportunity for all students to succeed

Marilyn Adrianzen
Chief Business Official

April 14, 2023

To Whom it May Concern:

The accompanying Corrective Action Plan has been prepared as required by the 2021-22 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

Enclosure

San Ysidro School District

Corrective Action Plan

Year Ended June 30, 2022

State Compliance Finding

Finding Number: 2022-001

Program Name: Independent Study

Contact Person: Russell Little – Assistant Superintendent of Educational Leadership
Marilyn Adrianzen – Chief Business Official

Anticipated Completion Date: June 30, 2023

Planned Corrective Action: For 2021-22, the San Ysidro School District updated independent study master agreements to include all required elements. Unfortunately, the revised version of the independent study master agreement was not used at some school sites.

The District will provide training to all employees completing documentation for independent studies to ensure that they are using the revised independent study master agreement and keeping all required agreements in the student file as well as filling out all agreements completely.

San Ysidro School District

Schedule of Prior Year Audit Findings

Year Ended June 30, 2022

Finding/Recommendation	Status	Explanation if Not Implemented
Finding 2021-001 Payroll <u>Condition</u> In our review of the payroll documentation we noted that, of the 62 Form I-9's reviewed, 26 were not signed by the employee. <u>Recommendation</u> We recommend that the District adopt a policy of requiring that all employees sign Form I-9 when they are hired. The District should review employee files and obtain signatures of Form I-9 for all employees whose I-9 is not currently signed.	Implemented	
Finding 2021-002 Debt Payment Reconciliations <u>Condition</u> The District incorrectly recorded payments to a reserve account as debt payments which required an audit adjustment to correct. <u>Recommendation</u> We recommend that the District take the following steps to remedy the weaknesses in internal control: Formally adopt the most recent California School Accounting Manual as the official accounting manual for the District. Establish a review and reconciliation process over the debt accounts and reconcile to what is recorded in the financial statements. Determine if adjustments need to be posted to the financial statements.	Implemented	