

COAST UNIFIED SCHOOL DISTRICT
COUNTY OF SAN LUIS OBISPO
CAMBRIA, CALIFORNIA

AUDIT REPORT
June 30, 2021

COAST UNIFIED SCHOOL DISTRICT
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JUNE 30, 2021

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Coast Unified School District
Cambria, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States and the *2020-2021 Guide for Annual Audits of California K-12 Local Educational Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, Section 19810. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Emphasis of Matter

As discussed in Note 1 to the basic financial statements effective July 1, 2020, the Coast Unified School District adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12, the budgetary information on page 45, the schedule of proportionate share of net pension liability on pages 46 and 47, the schedule of pension contributions on pages 48 and 49, the schedule of proportionate share of net OPEB liability and related ratios on page 50, and the schedule of OPEB contributions on page 51, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Coast Unified School District's basic financial statements. The supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Coast Unified School District. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200 *Uniform Administration Requirement for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements of the Coast Unified School District.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2022 on our consideration of the Coast Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

Moss, Kelly & Hargheim LLP

Santa Maria, California
January 7, 2022

MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2021

Introduction

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

The following discussion and analysis provides an overview of the financial position and activities of the District for the fiscal year ending June 30, 2021. This discussion has been prepared by management and should be read in conjunction with the financial statements and notes which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

Financial Highlights

The financial statements presented herein include all of the activities of the Coast Unified School District (the District) and its component units using the integrated approach as prescribed by GASB Statement Number 34. The report consists of three parts – management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

This section provides an overview of the District financial activities.

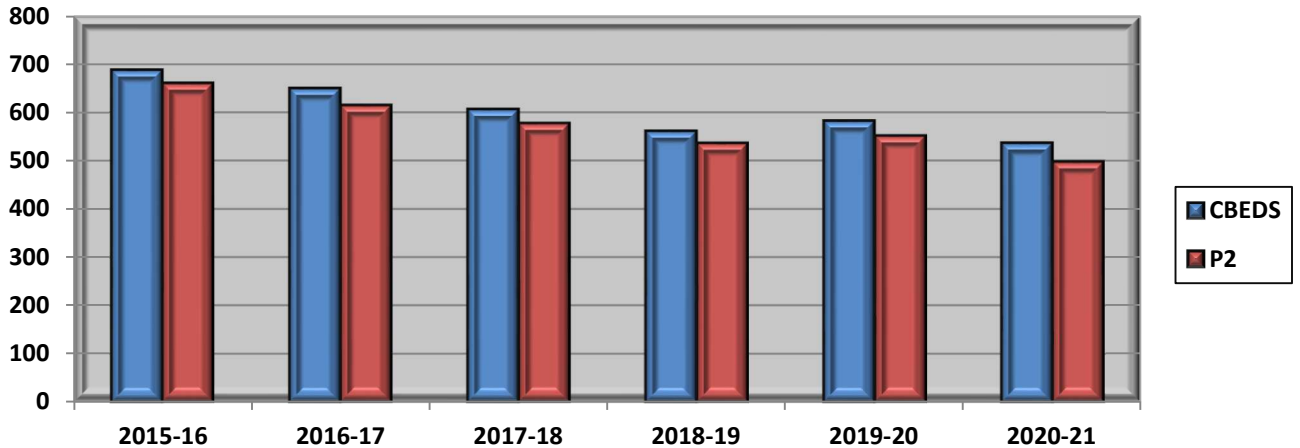
- Expenditures in the general fund for 2020-21 were \$13,866,929. This compares to the total expenditures of \$12,834,863 in 2019-20, which is an increase of slightly over 8.04%. The increase of expenditures from 2020-21 over 2019-20 follows the increase in revenues that the District received primarily due to the receipt of COVID relief funds. The District’s revenues in the General Fund for 2020-21 were \$14,876,495, which is higher than what was received in 2019-20 by about 10.68%, an increase of \$1,435,739.
- The district was able to meet the state-required minimum Reserve for Economic Uncertainties of 4% of General Fund expenditures.

COAST UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

- The District has been experiencing declining enrollment for the past several years with the exception of 2019-20, in which it had an increase of 21 students. The chart below shows the comparison of the District's P2 numbers to CBEDS/CalPads from 2015-16 through 2020-21:



The districts average daily attendance as compared to CBEDS/CalPads is between 94% and 96%, which is an excellent ratio. The lowest is our current year, 2020-21, with a 93% attendance rate and the highest is 2016-17 with a 96.36% attendance rate.

District-Wide Statements

The ***District-Wide Financial Statements*** present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting, which is similar to those used by private-sector companies. They provide both short-term and long-term information about the District's overall financial status. They present governmental activities and business-type activities separately, although our District does not have any business-type activities. These statements include all assets of the District (including infrastructure), as well as all liabilities (including long-term debt). All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid. Additionally, certain eliminations have occurred as prescribed by the statement in regards to inter-fund activity, payables, and receivables.

The district-wide statements report the District's net position and how it has changed. Net position, the difference between the District's assets and deferred outflows of resources and its liabilities and deferred inflows of resources, is one way to measure the District's financial health.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors, such as changes in the District's property tax base, and the condition of school buildings and other facilities.
- In the district-wide financial statements the District's activities would normally be divided into two categories:

COAST UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

- Governmental activities — Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.
- Business-type activities— The District does not have any activities included here, as fees the District may charge to help cover the costs of certain services it provides do not constitute major reportable activities.

Fund Financial Statements

More detailed information about the District's most significant funds are provided in the fund financial statements. Funds are accounting formats used to keep track of specific sources of funding and expenditures in particular programs. Some funds are required by bond covenants and by state law, other funds are established by the District to manage a variety of activities for particular purposes (such as repaying long-term debt). Funds may also address specific accounting requirements for certain revenue and expenditure classifications (such as federal grants).

The **Fund Financial Statements** include statements for each of the three categories of activities: governmental, proprietary, and fiduciary. They focus on individual parts of the District, reporting the district's operations in more detail than the district-wide statements (which reports on the District as a whole).

As stated above, the District has two types of funds:

- **Governmental funds** — These statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting. They tell how basic services, like regular and special education, were financed in the short term as well as what remains for future spending. Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash, and other financial assets that can readily be converted to cash, flow in and out and (2) the balances left at year-end that are available for expenditure in subsequent years. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.

COAST UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

- **Proprietary funds** — Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements using the economic resources measurement focus and the accrual basis of accounting. They offer short and long term financial information about the activity the District operates like a business. The District does not currently utilize proprietary funds.

The financial statements also include *notes* that explain some of the information of 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 with a comparison of the District's budget for the year.

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

- The District's financial status is sound. Total net position was \$10,348,357 at June 30, 2021. This is an increase of approximately 14.90% over 2019-20.
- For the 2020-21 fiscal year General Fund revenues were \$14,876,495 and expenditures were \$13,866,929.
- Total enrollment decreased by 43 students from 2019-20 to 2020-21 or 7.64%. However, enrollment was expected to fall during 2020-21 due to COVID and distance learning. The District decreased in enrollment over 29% from 2013-14 to 2020-21, the first increase occurring in 2019-20. However, as the District is currently in Basic Aid status, we are not funded on our average daily attendance for the majority of our funding.
- There was not a significant change from the final budgeted revenues and expenditures to the final actual revenues and expenditures.
- The district settled with the certificated bargaining units for 2020-21 and 2021-22, coming to an agreement of a 2% increase for both years. The classified bargaining unit settled for zero in 2019-20, a restructured salary schedule for 2020-21, and a 2% increase for both 2021-22 and 2022-23. All increases are reflected on the salary schedule and were reflected in the Budget's adoption. Negotiations have been completed for the 2020-21 fiscal year.

COAST UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District as of the end of the fiscal year and is prepared using the accrual basis of accounting, which is similar to the accounting basis used by most private-sector organizations. The Statement of Net Position is a point of time financial statement whose purpose is to present to the readers a fiscal snapshot of the District. The Statement of Net Position presents end-of-year asset data (current and non-current), deferred outflows of resources, liabilities (current and non-current), deferred inflows of resources, and net position (assets plus deferred outflows of resources minus liabilities minus deferred inflows of resources).

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the District. Readers are also able to determine the amount owed by the District to vendors and employees. Finally, the Statement of Net Position provides a picture of the net position and the availability of District assets for expenditure.

The difference between total assets and deferred outflows of resources and total liabilities (net assets) and deferred inflows of resources is one indicator of the current financial condition of the District; the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allocation for depreciation.

The Net Position is presented in three major categories. The first category is net investment in capital assets, it provides the equity amount in property, plant and equipment owned by the District. The second category is expendable restricted net position; this net position is available for expenditure by the District, but must be spent for purposes as determined by external entities and/or donors that have placed time or purpose restrictions on the use of these assets. The final category is unrestricted net position that is available to the District for any lawful purpose of the District.

COAST UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2021

The Statement of Net Position as of June 30, 2020 and 2021 is summarized below:

Assets	<u>2020</u>	<u>2021</u>
Cash	\$ 8,933,392	\$ 9,825,247
Revolving Cash and Cash in Banks	11,000	258,244
Accounts Receivable	312,315	509,489
Capital Assets, Net	<u>24,957,287</u>	<u>25,331,372</u>
Total Assets	<u>34,213,994</u>	<u>35,924,352</u>
 Deferred Outflows of Resources		
Deferred Charge on Refunding	115,108	75,644
Pensions	3,040,731	2,955,305
OPEB	<u>2,952</u>	<u>3,066</u>
 Total Deferred Outflows of Resources	<u>3,158,791</u>	<u>3,034,015</u>
 Liabilities		
Other Liabilities	496,240	1,328,104
Long-Term Liabilities/Due Within One Year	<u>1,223,347</u>	<u>1,341,674</u>
 Total Due Within One Year	1,719,587	2,669,778
 Due After One Year	<u>25,249,230</u>	<u>24,718,990</u>
 Total Liabilities	<u>26,968,817</u>	<u>27,388,768</u>
 Deferred Inflow of Resources		
Pensions	<u>1,397,625</u>	<u>1,221,242</u>
 Total Deferred Inflows of Resources	<u>1,397,625</u>	<u>1,221,242</u>
 Net Position		
Net Investment in Capital Assets	15,047,514	15,262,639
Restricted		
Debt Service	812,127	973,696
Associated Student Body		226,007
Educational Programs	157,809	386,324
Capital Projects	212,115	210,004
Nutrition		4,926
Unrestricted	<u>(7,223,222)</u>	<u>(6,715,239)</u>
 Total Net Position	<u>\$ 9,006,343</u>	<u>\$ 10,348,357</u>

COAST UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

Statement of Activities

Changes in total net position, as presented on the Statement of Net Position, is based on the activity presented in the Statement of Activities. The purpose of this statement is to present the revenues earned and the expenses incurred, whether received, paid, or not. Thus, this Statement presents the District's results of operation.

The Statement of Activities for the year ended June 30, 2020 and 2021 are summarized below:

Revenues	<u>2020</u>	<u>2021</u>
Program Revenues:		
Charges for Services	\$ 71,813	\$ 110,583
Operating Grants and Contributions	1,504,942	2,597,345
General Revenues:		
Taxes and Subventions	12,361,371	12,869,422
Federal and State Aid Not Restricted to Specific Purposes	1,049,837	527,110
Interest and Investment Earnings	83,745	51,952
Interagency Revenues	375	373,124
Miscellaneous	327,081	
Total Revenues	<u>15,399,164</u>	<u>16,529,536</u>
Expenses		
Instruction	6,645,377	6,412,376
Instruction Related Services	879,825	1,040,034
Pupil Services	1,735,239	1,816,425
General Administration	1,526,793	1,305,144
Plant Services	1,885,548	1,405,005
Ancillary Services	55,253	27,753
Debt Service – Interest	475,780	459,076
Other Outgo	1,016,714	1,839,065
Depreciation (unallocated)	1,051,277	1,122,849
Total Expenses	<u>15,271,806</u>	<u>15,427,727</u>
Change in Net Position	127,358	1,101,809
Net Position, Beginning of Year, as originally stated	8,878,985	9,006,343
Prior Period Adjustment		240,205
Net Position, Beginning of Year, restated	<u>8,878,985</u>	<u>9,246,548</u>
Net Position, End of Fiscal Year	<u>\$ 9,006,343</u>	<u>\$ 10,348,357</u>

COAST UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

- The District's largest operating expenses are primarily for salaries and benefits. The District expended approximately 70% of its total General Fund budget in this area. Certificated and classified salaries are adjusted annually for step and column adjustments and corresponding savings due to attrition and retirements.
- Health and Welfare benefits (medical, vision, and dental) premiums are paid by the District and have remained unchanged from 2019-20 for certificated and classified personnel.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences between the governmental fund financial statements and the government-wide financial statements are explained in reconciliations following each governmental fund financial statement. We have reported our two major governmental funds separately (the General Fund and the County School Facilities Fund), and all other funds combined (Non-major Funds) on the Governmental Funds Balance Sheet. Details of the other governmental funds can be found in the Combining Financial Statements that follow.

In the table on the following page, we have presented the cost of each of the District's seven largest functions. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

COAST UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

Net Cost of Governmental Activities

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction	\$ 6,412,376	\$ 4,931,891
Instruction related activities (supervision, Library and media, and site administration)	1,040,034	990,143
Special Education	651,882	554,556
Food Services	405,872	144,162
Pupil Transportation	758,671	531,238
General Administration	1,305,144	1,204,460
Maintenance and Operations (plant services)	1,405,005	1,245,399
Other	<u>3,448,743</u>	<u>3,117,950</u>
Totals	\$ <u>15,427,727</u>	\$ <u>12,719,799</u>

Proprietary funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the ***Statement of Net Position*** and the ***Statement of Revenues, Expenses and Changes in Net Position***. The District does not have any proprietary funds.

General Fund Budget

During the fiscal year, the Board of Education authorized revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. Variations between the original and final budget amounts and the actuals are due to fluctuations of revenues throughout the year. As more information becomes available to the district, the budget is changed to reflect those fluctuations. The variations in expenditures are a combination of unknown and unbudgeted expenses, as well as the addition of staff or services not anticipated at the time of budget adoption.

COAST UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

CAPITAL ASSETS

Capital Assets

At June 30, 2021, the District had \$25,331,372 in a broad range of capital assets, including land, buildings, and equipment. The table below shows the total, *net of accumulated depreciation*.

Capital Assets at Fiscal Year-End

	<u>Governmental Activities</u>
Land	\$ 923,886
Work in progress	1,887,954
Buildings and improvements	42,708,341
Equipment	2,533,864
Accumulated Depreciation	<u>(22,722,673)</u>
Total	<u>\$ 25,331,372</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District's Budget for the 2021-22 fiscal year, the Board and management are facing challenges. Estimated tax increases are 3.5% for 2021-22, 3.5% for 2022-23, and 3% for 2023-24. We were able to take advantage of a decrease in STRS and PERS for 2020-21, however, they have increased at a faster pace for the current and subsequent years. Fiscal year 2020-21 was the first year that the District paid 100% of the Memorandum of Understanding with Cayucos Elementary School District and San Luis Coastal Unified School District. As we plan for future budget years, this is something that we will need to keep in mind; costs exceeded \$1,000,000 for the 2020-21 fiscal year and we anticipate they will continue to do so. The District must make every effort to eliminate deficit spending in order to maintain an ending fund balance and reserve levels that are reasonable for a district in Basic Aid status. The District received funding from the State as well as the Federal Government in 2020-21 in helping to mitigate costs directly related to COVID-19 and the transition to distance learning. This helped ease the burden of the general fund when addressing student needs. We have ongoing expenditures and have acknowledged the need to put aside funds for our aging bus fleet, technology, and building needs. However, as other needs arise, the District must look at our spending and prioritize expenditures.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Annie Lachance, Chief Business Official, 1350 Main Street, Cambria, CA 93428, or email alachance@coastusd.org.

COAST UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2021

	Governmental Activities
Assets	
Cash in county treasury	\$ 9,825,247
Revolving cash fund	10,000
Cash in banks	248,244
Accounts receivable	509,489
Land	923,886
Work in progress	1,887,954
Buildings and improvements	42,708,341
Equipment	2,533,864
Less accumulated depreciation	(22,722,673)
Total assets	35,924,352
Deferred Outflows of Resources	
Deferred charge on refunding	75,644
Pensions	2,955,305
OPEB	3,066
Total deferred outflows of resources	3,034,015
Liabilities	
Accounts payable	930,418
Unearned revenue	318,913
Interest payable	78,773
Long-term liabilities:	
Due within one year:	
General obligation bonds payable	1,230,000
Unamortized bond premium	37,662
Unamortized bond discount	(1,631)
Capital leases payable	75,643
Total due within one year	2,669,778
Due after one year:	
General obligation bonds payable	6,584,903
Compensated absences payable	52,653
Unamortized bond premium	34,521
Unamortized bond discount	(1,086)
Interest payable	3,261,110
Net pension liability	12,563,514
Net OPEB liability	45,188
Capital leases payable	2,178,187
Total due after one year	24,718,990
Total liabilities	27,388,768
Deferred Inflows of Resources	
Pensions	1,221,242
Total deferred inflows of resources	1,221,242
Net Position	
Net investment in capital assets	15,262,639
Restricted for:	
Debt service	973,696
Associated Student Body	226,007
Educational programs	386,324
Nutrition	4,926
Capital projects	210,004
Unrestricted	(6,715,239)
Total net position	\$ 10,348,357

The accompanying notes are an integral part of this statement.

COAST UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
				Net (Expense) Revenue and Changes in Net Position
Governmental Activities:				
Instruction	\$ 6,412,376	\$ 1,392	\$ 1,479,093	\$ -
Instruction-related services:				
Instructional library, media, and technology	238,741		1,996	(236,745)
School site administration	801,293	284	47,611	(753,398)
Pupil services:				
Home-to-school transportation	758,671		227,433	(531,238)
Food services	405,872	347	261,363	(144,162)
All other pupil services	651,882		97,326	(554,556)
General administration:				
Centralized data processing	3,692			(3,692)
All other general administration	1,301,452	10	100,674	(1,200,768)
Plant services	1,405,005	91	159,515	(1,245,399)
Ancillary services	27,753			(27,753)
Interest on long-term debt	459,076			(459,076)
Other outgo	1,839,065	108,459	222,334	(1,508,272)
Depreciation (unallocated)	1,122,849			(1,122,849)
Total governmental activities	\$ 15,427,727	\$ 110,583	\$ 2,597,345	\$ -
General revenues:				
Taxes and subventions:				
Taxes levied for general purposes				11,267,510
Taxes levied for debt service				1,601,912
Federal and state aid not restricted to specific purposes				527,110
Interest and investment earnings				51,952
Interagency revenues				373,124
Total general revenues				13,821,608
Change in net position				1,101,809
Net position, beginning of fiscal year				9,006,343
Restatement				240,205
Net position, beginning of fiscal year, restated				9,246,548
Net position, end of fiscal year				\$ 10,348,357

The accompanying notes are an integral part of this statement.

COAST UNIFIED SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Bond Interest & Redemption Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash in County Treasury	\$ 4,911,995	\$ 4,313,579	\$ 599,673	\$ 9,825,247
Cash on Hand and in Banks	21,152	-	227,092	248,244
Cash in Revolving Fund	10,000	-	-	10,000
Accounts Receivable	469,168	-	40,321	509,489
Due from Other Funds	3,402	-	-	3,402
Total Assets	<u>\$ 5,415,717</u>	<u>\$ 4,313,579</u>	<u>\$ 867,086</u>	<u>\$ 10,596,382</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 923,072	\$ -	\$ 7,346	\$ 930,418
Due to Other Funds	-	-	3,402	3,402
Unearned Revenue	318,913	-	-	318,913
Total Liabilities	<u>1,241,985</u>	<u>-</u>	<u>10,748</u>	<u>1,252,733</u>
Fund Balances:				
Nonspendable	10,000	-	-	10,000
Restricted	386,324	4,313,579	440,937	5,140,840
Committed	555,425	-	415,401	970,826
Unassigned	3,221,983	-	-	3,221,983
Total Fund Balances	<u>4,173,732</u>	<u>4,313,579</u>	<u>856,338</u>	<u>9,343,649</u>
Total Liabilities and Fund Balances	<u>\$ 5,415,717</u>	<u>\$ 4,313,579</u>	<u>\$ 867,086</u>	<u>\$ 10,596,382</u>

The accompanying notes are an integral part of this statement.

COAST UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2021

Total fund balances - governmental funds \$ 9,343,649

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

Capital assets at historical cost	\$ 48,054,045
Accumulated depreciation	<u>(22,722,673)</u>

Net 25,331,372

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 net position, it is recognized in the period that it is incurred. (3,339,883)

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	\$ 7,814,903
Compensated absences payable	52,653
Unamortized bond premium	72,183
Unamortized bond discount	(2,717)
Net pension liability	12,563,514
Net OPEB liability	45,188
Capital leases payable	<u>2,253,830</u>

Total (22,799,554)

In governmental funds, loss on debt refunding is recognized in the period it is incurred. In the government-wide statements, debt issue costs and loss on debt refunding are amortized over the life of the debt. 75,644

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

Deferred inflows of resources relating to pensions	\$ (1,221,242)	
Deferred outflows of resources relating to pensions	2,955,305	
Deferred outflows of resources relating to OPEB	<u>3,066</u>	<u>1,737,129</u>

Total net position - governmental activities \$ 10,348,357

The accompanying notes are an integral part of this statement.

COAST UNIFIED SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund	Bond Interest & Redemption Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	\$ 623,045	\$ -	\$ -	\$ 623,045
Education Protection Account Funds	110,380	-	-	110,380
Local Sources	11,267,509	-	-	11,267,509
Federal Revenue	1,060,646	-	198,536	1,259,182
Other State Revenue	1,038,145	5,246	29,764	1,073,155
Other Local Revenue	776,770	1,631,939	109,870	2,518,579
Total Revenues	<u>14,876,495</u>	<u>1,637,185</u>	<u>338,170</u>	<u>16,851,850</u>
Expenditures:				
Current:				
Instruction	6,405,801	-	-	6,405,801
Instruction - Related Services	1,003,063	-	-	1,003,063
Pupil Services	1,317,460	-	366,190	1,683,650
Ancillary Services	27,753	-	92,607	120,360
General Administration	1,252,287	-	10,020	1,262,307
Plant Services	1,597,841	-	-	1,597,841
Other Outgo	1,746,458	-	-	1,746,458
Capital Outlay	358,789	-	968,248	1,327,037
Debt Service:				
Principal	60,311	1,120,000	-	1,180,311
Interest	97,166	215,750	-	312,916
Total Expenditures	<u>13,866,929</u>	<u>1,335,750</u>	<u>1,437,065</u>	<u>16,639,744</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,009,566</u>	<u>301,435</u>	<u>(1,098,895)</u>	<u>212,106</u>
Other Financing Sources (Uses):				
Transfers In	-	-	195,713	195,713
Transfers Out	(195,713)	-	-	(195,713)
Proceeds From Capital Lease	32,071	-	-	32,071
Total Other Financing Sources (Uses)	<u>(163,642)</u>	<u>-</u>	<u>195,713</u>	<u>32,071</u>
Net Change in Fund Balances	<u>845,924</u>	<u>301,435</u>	<u>(903,182)</u>	<u>244,177</u>
Fund Balances, July 1	3,327,808	4,012,144	1,519,315	8,859,267
Restatement	-	-	240,205	240,205
Fund Balances, July 1 - Restated	<u>3,327,808</u>	<u>4,012,144</u>	<u>1,759,520</u>	<u>9,099,472</u>
Fund Balances, June 30	<u>\$ 4,173,732</u>	<u>\$ 4,313,579</u>	<u>\$ 856,338</u>	<u>\$ 9,343,649</u>

The accompanying notes are an integral part of this statement.

COAST UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Total net change in fund balances - governmental funds	\$ 244,177
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions to capital assets of \$1,496,934 is more than depreciation expense \$1,122,849 in the period.	374,085
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. Payment of bond principal of \$1,120,000 and capital leases payable of \$60,311.	1,180,311
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:	(139,866)
In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This fiscal year, vacation earned was more than the amounts used by \$13,118.	(13,118)
In governmental funds, debt issue premiums are recognized as other financing sources in the period they are incurred. In government-wide statements, issue premiums are amortized over the life of the debt.	37,662
In government funds, debt issue discounts are recognized as other financing uses in the period they are incurred. In the government-wide statements, issue discounts are amortized over the life of the debt.	(1,631)
In governmental funds, loss on debt refunding is recognized as other financing uses in the period it is incurred. In government-wide statements, loss on refunding is amortized over the life of the debt.	(39,464)
In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government - wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount were:	(32,071)
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:	(501,697)
In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This fiscal year, the difference between accrual-basis OPEB costs and actual employer contribution was:	(6,579)
Changes in net position - governmental activities	<u>\$ 1,101,809</u>

The accompanying notes are an integral part of this statement.

COAST UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Policies

The District accounts for its financial transactions in accordance with policies and procedures of the 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 as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants.

B. Reporting Entity

The reporting entity is the Coast Unified School District. There are no component units included in this report which meet the reporting entity definition criteria of GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, GASB Statement No. 61, and GASB Statement No. 80.

C. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District.

The government-wide statements are prepared using the economic resources measurement focus. Government-wide statements differ from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds presents increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues – exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within one year after fiscal year end.

COAST UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue.

Pensions:

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

Other Postemployment Benefits (OPEB):

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Expenses/expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into major and nonmajor funds, as follows:

Major Governmental Funds:

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. One fund currently defined as a special revenue fund in the California State Accounting Manual (CSAM) did not meet the GASB Statement No. 54 special revenue fund definition. The Special Reserve Fund is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund functions effectively as an extension of the General Fund, and accordingly has been combined with the General Fund for presentation in these audited financial statements.

The Bond Interest and Redemption Fund is used to account for the accumulation of resources for, and the repayment of the District's bonds, interest, and related costs.

COAST UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Accounting (Continued)

Nonmajor Governmental Funds:

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

1. The Cafeteria Fund is used to account for revenues received and expenditures made to operate the District's cafeterias.
2. The Associated Student Body Fund is used to account for the raising and expending of money to promote the general welfare, morale, and educational experience for the student body.

Capital Projects Funds are set up by the District to account for special revenues that are to be used to build new facilities. The District maintains two nonmajor capital projects funds:

1. The Capital Facilities Fund is used to account for resources received from developer impact fees assessed under the provision of the California Environmental Quality Act (CEQA).
2. The Special Reserve Fund is used to account for the construction and other special capital projects financed with funds transferred from the General Fund.

F. Budgets and Budgetary Accounting

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

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

Formal budgetary integration was employed as a management control device during the fiscal year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

G. 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. All encumbrances are liquidated at June 30.

H. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity

1. Deposits and Investments

Cash balances held in banks and in revolving funds are insured up to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized.

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the San Luis Obispo 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 fair value. Interest earned is deposited quarterly into participating funds. 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 Section 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 the San Luis Obispo County Treasury was not available.

COAST UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity (Continued)

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund receivables/payables.

3. Prepaid Items

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

4. Capital Assets

Capital assets are those purchased or acquired with an original cost of \$5,000 or more and are reported at historical cost or estimated historical cost. Contributed capital assets are reported at fair value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the capital assets or materially extend the capital assets' lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using the straight-line basis over the following estimated useful lives.

Asset Class	Examples	Estimated Useful Life in Years
Land		N/A
Site improvements	Paving, flagpoles, retaining walls, sidewalks, fencing, outdoor lighting	20
School buildings		50
Portable classrooms		25
HVAC systems	Heating, ventilation, and air conditioning systems	20
Roofing		20
Interior construction		25
Carpet replacement		7
Electrical/plumbing		30
Sprinkler/fire system	Fire suppression system	25
Outdoor equipment	Playground, radio towers, fuel tanks, pumps	20
Machinery and tools	Shop and maintenance equipment, tools	15
Kitchen equipment	Appliances	15
Custodial equipment	Floor scrubbers, vacuums, other	15
Science and engineering	Lab equipment, scientific apparatus	10
Furniture and accessories	Classroom and other furniture	20
Business machines	Fax, duplicating and printing equipment	10
Copiers		5
Communication equipment	Mobile, portable radios, non-computerized	10
Computer hardware	PCs, printers, network hardware	5
Computer software	Instructional, other short-term	5 to 10
Computer software	Administrative long-term	10 to 20
Audio visual equipment	Projectors, cameras (still and digital)	10
Athletic equipment	Gymnastics, football, weight machines, wrestling mats	10
Musical instruments	Pianos, strings, brass, percussion	10
Library books	Collections	5 to 7
Licensed vehicles	Buses, other on-road vehicles	8
Contractors equipment	Major off-road vehicles, front-end loaders, large tractors, mobile air compressor	10
Grounds equipment	Mowers, tractors, attachments	15

COAST UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity (Continued)

5. Unearned Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent that cash received on specific projects and programs exceed qualified expenditures.

6. Compensated Absences

All vacation pay plus related payroll taxes are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Accumulated employee 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.

7. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*," and GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*," the District recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The District has three items which qualify for reporting in this category; refer to Note 7, Note 9, and Note 10 for a detailed listing of the deferred outflows of resources the District has recognized.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period. The District has one item which qualifies for reporting in this category; refer to Note 9 for a detailed list of deferred inflows of revenues the District has recognized.

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

9. Amortization of Bond Refunding, Bond Discounts, and Bond Premiums

The loss on refunding, bond discounts, and bond premium are being amortized on the straight line method over the life of the bonds on the government-wide statements.

10. Fund Balances

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 insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

COAST UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity (Continued)

10. Fund Balances (Continued)

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. 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 purpose of the District.

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.

11. Minimum Fund Balance Policy

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than 4 percent of General Fund expenditures and other financing uses.

12. Property Taxes

The County is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values of the preceding January 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (January 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The County apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the *California Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll – approximately October 1 of each year.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local LCFF sources by the District.

I. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the American Institute of Certified Public Accountants, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

COAST UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 84

For the fiscal year ended June 30, 2021, the District implemented Governmental Accounting Standards Board (GASB) Statement 84, "Fiduciary Activities". This Statement is effective for periods beginning after December 15, 2019. The objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local government. Implementation of the GASB Statement No. 84 did have an impact on the Districts financial statements for the fiscal year ended June 30, 2021, see Note 17 - Restatement.

K. Future Accounting Pronouncements

GASB Statements listed below will be implemented in future financial statements:

Statement No. 87	"Leases"	The provisions of this statement are effective for fiscal years beginning after June 15, 2021.
Statement No. 89	"Accounting for Interest Cost Incurred before the End of a Construction Period"	The provisions of this statement are effective for fiscal years beginning after December 15, 2020.
Statement No. 91	"Conduit Debt Obligations"	The provisions of this statement are effective for fiscal years beginning after December 15, 2021.
Statement No. 92	"Omnibus 2020"	The provisions of this statement are effective for fiscal years beginning after June 15, 2021.
Statement No. 93	"Replacement of Interbank Offered Rates"	The provisions of this statement except for paragraphs 11b, 13, and 14 are effective for fiscal years beginning after June 15, 2020. Paragraph 11b is effective for fiscal years beginning after December 31, 2021. Paragraphs 13 and 14 are effective for fiscal years beginning after June 15, 2021.
Statement No. 94	"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 96	"Subscription-Based Information Technology Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 97	"Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32"	The provisions of this statement except for paragraphs 6-9 are effective for fiscal years beginning after December 15, 2019. Paragraph 6-9 is effective for fiscal years beginning after June 15, 2021.

COAST UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 2 - CASH AND INVESTMENTS

The District's cash and investments at June 30, 2021, consisted of the following:

Cash in banks	\$ 258,244
Cash and investments with the County Treasurer	<u>9,825,247</u>
Total cash and investments	<u>\$ 10,083,491</u>

Cash and investments are presented on the accompanying basic financial statements, as follows:

Cash in county treasury, statement of net position	\$ 9,825,247
Cash in revolving fund, statement of net position	10,000
Cash in banks, statement of net position	<u>248,244</u>
Total cash and investments	<u>\$ 10,083,491</u>

The District categorizes its fair value measurements within the fair value hierarchy established by U.S. Generally Accepted Accounting Principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These principles recognize a three-tiered fair value hierarchy. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District had investments in the San Luis Obispo County Investment Pool and this external pool is measured under Level 2.

Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the San Luis Obispo County Treasury as part of the common investment pool (\$9,825,247 as of June 30, 2021). The fair value of this pool as of that date, as provided by the plan sponsor, was \$9,825,247. The District is considered to be an involuntary participant in the external pool. Interest is deposited in the participating funds. The County is restricted by Government Code Section 53635, pursuant to Section 53601, to invest 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.

Cash on Hand, in Banks, and in Revolving Fund

Cash balance on hand and in banks (\$248,244) as of June 30, 2021 and in the revolving fund (\$10,000 as of June 30, 2021) are insured up to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

Investments Authorized by the District's Investment Policy

The District's investment policy only authorizes investment in the local government investment pool administered by the County of San Luis Obispo. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the table on the following page that shows the distribution of the District's investments by maturity:

COAST UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 2 - CASH AND INVESTMENTS (Continued)

Disclosures Relating to Interest Rate Risk (Continued)

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13-24 Months</u>	<u>25-60 Months</u>	<u>More than 60 Months</u>
San Luis Obispo County Investment Pool	\$ 9,825,247	\$ 9,825,247	\$ -	\$ -	\$ -
Total	\$ 9,825,247	\$ 9,825,247	\$ -	\$ -	\$ -

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code and the District's investment policy, and the actual rating as of fiscal year end for each investment type.

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Fiscal Year End</u>		
				<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
San Luis Obispo County Investment Pool	\$9,825,247	N/A	\$ -	\$ -	\$ -	\$9,825,247
Total	\$9,825,247		\$ -	\$ -	\$ -	\$9,825,247

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total District investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. 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 fair 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 the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

None of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. 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 investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as San Luis Obispo County Investment Pool).

COAST UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 3 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Excess of expenditures over appropriations in individual funds is as follows:

<u>Major Fund</u>	<u>Excess Expenditures</u>
Bond Interest and Redemption Fund:	
Debt Service	\$ 1,335,750
<u>Nonmajor Fund</u>	
Associated Student Body Fund:	
Books and Supplies	\$ 92,607

NOTE 4 - RECEIVABLES

Receivables at June 30, 2021, consist of the following:

	<u>General Fund</u>	<u>Bond Interest and Redemption Fund</u>	<u>Other Governmental Funds</u>
Federal Government:			
Federal programs	\$ 169,155	\$ -	\$ 33,204
Total federal government	<u>169,155</u>		<u>33,204</u>
State Government:			
LCFF	158,621		
Categorical aid programs			7,117
Lottery	<u>34,414</u>		
Total state government	<u>193,035</u>		<u>7,117</u>
Local Sources:			
Rent	399		
SLOCOE	79,607		
Miscellaneous	<u>26,972</u>		
Total local sources	<u>106,978</u>		
Total receivables	<u>\$ 469,168</u>	<u>\$ -</u>	<u>\$ 40,321</u>

COAST UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. 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/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 among governmental funds or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Due From/Due to Other Funds

Individual fund interfund receivable and payable balances at June 30, 2021, are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payable</u>
Major Fund:		
General Fund	\$ 3,402	\$ -
Nonmajor Fund:		
Capital Facilities Fund		3,402
Totals	<u>\$ 3,402</u>	<u>\$ 3,402</u>

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

Interfund transfers for the 2020-2021 fiscal year are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Fund:		
General Fund	\$ -	\$ 195,713
Nonmajor Governmental Funds:		
Cafeteria Fund	153,052	
Special Revenue Fund	42,661	
Totals	<u>\$ 195,713</u>	<u>\$ 195,713</u>

COAST UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

Capital assets activity for the fiscal year ended June 30, 2021, is shown below:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Capital assets, not being depreciated:				
Land	\$ 923,886	\$ -	\$ -	\$ 923,886
Work in progress	1,050,699	908,755	71,500	1,887,954
Total capital assets, not being depreciated	<u>\$ 1,974,585</u>	<u>\$ 908,755</u>	<u>\$ 71,500</u>	<u>\$ 2,811,840</u>
Capital assets, being depreciated				
Buildings and improvements	\$ 42,381,286	\$ 327,055	\$ -	\$ 42,708,341
Equipment	2,201,240	332,624		2,533,864
Total capital assets, being depreciated	44,582,526	659,679		45,242,205
Less accumulated depreciation	<u>21,599,824</u>	<u>1,122,849</u>		<u>22,722,673</u>
Total capital assets, being depreciated, net	<u>\$ 22,982,702</u>	<u>\$ (463,170)</u>	<u>\$ -</u>	<u>\$ 22,519,532</u>
Net capital assets	<u>\$ 24,957,287</u>	<u>\$ 445,585</u>	<u>\$ 71,500</u>	<u>\$ 25,331,372</u>

Depreciation expense was charged to governmental activities as follows:

Governmental Activities:

Unallocated	<u>\$ 1,122,849</u>
Total depreciation expense	<u>\$ 1,122,849</u>

NOTE 7 - DEFERRED OUTFLOWS OF RESOURCES – REFUNDING OF DEBT

At June 30, 2021, deferred outflows of resources, reported in the statement of net position, relating to the defeasance of the 2002 general obligations bonds, consisted of the following:

	Governmental Activities
Deferred charge on refunding	<u>\$ 75,644</u>

NOTE 8 - BONDED DEBT

The outstanding general obligation bonded debt of the Coast Unified School District at June 30, 2021, is:

Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue	Outstanding July 1, 2020	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2021
2002	2.00%-9.25%	2027	\$ 8,981,051	\$ 401,051	\$ -	\$ -	\$ 401,051
2003	2.00%-8.25%	2042	3,718,852	3,493,852		35,000	3,458,852
2011	2.25%-5.00%	2023	6,975,000	3,230,000		700,000	2,530,000
2011	3.00%-4.75%	2023	2,595,000	1,810,000		385,000	1,425,000
			<u>\$ 22,269,903</u>	<u>\$ 8,934,903</u>	<u>\$ -</u>	<u>\$ 1,120,000</u>	<u>\$ 7,814,903</u>

COAST UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 - BONDED DEBT (Continued)

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ 1,230,000	\$ 160,309	\$ 1,390,309
2023	1,355,000	99,744	1,454,744
2024	1,500,000	36,588	1,536,588
2025	192,501	901,499	1,094,000
2026	190,809	950,566	1,141,375
2027-2031	1,233,637	4,610,885	5,844,522
2032-2036	1,239,213	5,712,581	6,951,794
2037-2041	814,160	6,966,842	7,781,002
2042	59,583	1,215,417	1,275,000
Totals	\$ 7,814,903	\$ 20,654,431	\$ 28,469,334

NOTE 9 - PENSION PLANS

State Teachers' Retirement System (CalSTRS)

A. General Information about the Pension Plan

Plan Descriptions – All qualified California full-time and part-time public school teachers from pre-kindergarten through community college and certain other employees of the public school system are eligible to participate in the CalSTRS Pension Plans, multiple-employer, cost-sharing defined benefit plans administered by the California State Teacher's Retirement System (CalSTRS). Benefit provisions under the Plans are established by the Teachers' Retirement Law (California Education Code Section 22000 et seq), as enacted and amended by the California Legislature. The benefit terms of the plans may be amended through legislation CalSTRS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalSTRS website.

Benefits Provided – The CALSTRS Defined Benefit Program has two benefit formulas:

CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform services that could be creditable to CalSTRS

CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform services that could be creditable to CalSTRS

The Defined Benefit Program provides retirement benefits based on members' final compensation, age and years of service credit.

In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon death of eligible members.

After earning five years of credited service, members become 100 percent vested in retirement benefits.

After five years of credited service, a member (prior to age 60 if under Coverage A, no age limit if under Coverage B, as defined in Education Code Sections 24001 and 24101, respectively) is eligible for disability benefits of up to 50.0 percent of final compensation plus 10.0 percent of final compensation for each eligible child, up to a maximum addition of 40.0 percent. The member must have a disability that will exceed a period of 12 or more months to qualify for benefits.

Any compensation for service in excess of one year in a school year due to overtime or working additional assignments is credited to the Defined Benefit Supplement Program so long as it is under the creditable compensation limit. Other compensation, such as allowances, bonuses, cash in-lieu of fringe benefits, limited - period compensation or compensation determined to have been paid to enhance a benefit, are not creditable to any CalSTRS benefit program.

COAST UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 9 - PENSION PLANS (Continued)

State Teachers' Retirement System (CalSTRS) (Continued)

A. General Information about the Pension Plan (Continued)

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

Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	55-65
Monthly benefits, as a % of eligible compensation	2.0% to 2.4%	2.00%
Required employee contributions rates	10.250%	10.205%
Required employer contribution rates	16.15%	16.15%
Required state contributions rates	10.328%	10.328%

Specific details for the retirement, disability or death benefit calculations for each of the pension plans are available in the CalSTRS Comprehensive Annual Financial Report (CAFR). The CalSTRS' CAFR is available online at <http://www.calstrs.com/comprehensive-annual-financial-report>.

Contributions – Required member, employer and state contribution rates are set by the California Legislature and Governor and are detailed in the Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

On-Behalf Payments – The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions to CalSTRS.

For the fiscal year ended June 30, 2021, the contributions recognized as part of pension expense were as follows:

Contribution - employer	\$ 719,635
Contribution - state	\$ 445,355

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

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 7,634,037
State's proportionate share of the net pension liability associated with the District	5,160,521
Total	<u>\$ 12,794,558</u>

The District's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the District's proportion was 0.0079%, which increased by .0003% from its proportion measured as of June 30, 2019.

COAST UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 9 - PENSION PLANS (Continued)

State Teachers' Retirement System (CalSTRS) (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2021, the District recognized pension expense of \$1,053,530. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 13,470	\$ 215,153
Changes of assumptions	744,275	
Net difference between projected and actual earning on pension plan investments	181,291	
Changes in proportion and differences between District contributions and proportionate share of contributions	455,336	680,898
District contributions subsequent to the measurement date	688,522	
Total	<u>\$ 2,082,894</u>	<u>\$ 896,051</u>

\$688,522 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30	Amount
2022	\$ 33,950
2023	\$ 219,306
2024	\$ 264,355
2025	\$ 17,117
2026	\$ (71,556)
2027	\$ 35,149

Actuarial Assumptions – The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry age normal
Discount Rate	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies
Post-retirement Benefit Increases	Up to 2.00% until purchasing power protection Allowance flows purchasing power applies, 2.50% thereafter

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. On January 31, 2020, the CalSTRS' retirement board changed the mortality assumptions based on the July 1, 2015 through June 30, 2018 Experience Analysis. The projection scale was set to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries. For further details, see CalSTRS July 1, 2015 through June 30, 2018 Experience Analysis on the CalSTRS website.

COAST UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 9 - PENSION PLANS (Continued)

State Teachers' Retirement System (CalSTRS) (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance - PCA) as an input to the process. Based on the model from CalSTRS consulting actuary's (Milliman) investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that annual returns are normally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation by PCA is based on board policy for target asset allocation in effect on January 31, 2013, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term* Expected Real Rate of Return
Global Equity	42 %	4.80 %
Private Equity	13 %	6.30 %
Real Estate	15 %	3.60 %
Inflation Sensitive	6 %	3.30 %
Fixed Income	12 %	1.30 %
Cash/Liquidity	2 %	(0.40) %
Absolute Return	10 %	1.80 %
	<u>100 %</u>	

*10 year geometric average

Discount Rate – The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur mid year. Based on those assumptions, the CalSTRS fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability, calculated using the discount rate, 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:

1% Decrease	6.10%
Net Pension Liability	\$ 11,533,967
Current Discount Rate	7.10%
Net Pension Liability	\$ 7,634,037
1% Increase	8.10%
Net Pension Liability	\$ 4,414,096

Pension Plan Fiduciary Net Position – Detailed information about pension plan's fiduciary net position is available in the separately issued CalSTRS financial reports.

COAST UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 9 - PENSION PLANS (Continued)

State Teachers' Retirement System (CalSTRS) (Continued)

C. Payable to the Pension Plan

At June 30, 2021, the District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2021.

California Public Employees' Retirement System (CalPERS)

A. General Information About the Pension Plan

Plan Description - The Coast Unified School District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Plan membership consists of non-teaching and non-certificated employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Benefits Provided – The CalPERS Defined Benefit Program has two benefit formulas:

CalPERS 2% at 55: Members first hired on or before December 31, 2012, to perform services that could be creditable to CalPERS

CalPERS 2% at 62: Members first hired on or after January 1, 2013, to perform services that could be creditable to CalPERS

The Defined Benefit Program provides retirement benefits based on members' final compensation, age, and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members.

After earning five years of credited service, members become 100 percent vested in retirement benefits. A family benefit is available if an active member dies and has at least one year of credited service.

Members' accumulated contributions are refundable with interest upon separation from CalPERS. The board determines the credited interest rate each fiscal year. For the year ended June 30, 2021, the rate of interest credited to members' accounts was 6 percent.

The member's benefit is reduced dollar for dollar, regardless of age, for the first 180 days after retirement if the member performs activities in the public schools that could be creditable to CalPERS, unless the governing body of the school district takes specified actions with respect to a member who is above normal retirement age.

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

Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	52-67
Monthly benefits, as a % of eligible compensation	1.17% to 2.5%	1.00% to 2.5%
Required employee contribution rates	7%	7%
Required employer contribution rates	20.700%	20.700%

Specific details for retirement, disability or death benefit calculations for each of the pension plans are available in the CalPERS' Comprehensive Annual Financial Report (CAFR). The CalPERS' CAFR is available online at <https://www.calpers.ca.gov/page/forms-publications>.

COAST UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 9 - PENSION PLANS (Continued)

California Public Employees' Retirement System (CalPERS) (Continued)

A. General Information About the Pension Plan (Continued)

Contributions – Section 20814 (c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employees be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. 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 Local Government is required to contribute the difference between the actuarially determined rate of employees.

For the year ended June 30, 2021, the contributions recognized as part of pension expense was as follows:

Contribution – employer	\$ 456,501
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B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2021, the District's reported net pension liability for its proportionate share of the net pension liability was \$4,929,477.

The District's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the District's proportion was .0161%, which decreased by .0015% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$757,024. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 244,486	\$ -
Changes of assumptions	18,076	
Net difference between projected and actual earning on pension plan investments	102,616	
Changes in proportion and differences between District contributions and proportionate share of contributions	9,940	325,191
District contributions subsequent to the measurement date	497,293	
Total	\$ 872,411	\$ 325,191

COAST UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 9 - PENSION PLANS (Continued)

California Public Employees' Retirement System (CalPERS) (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

\$497,293 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30	Amount
2022	\$ 9,185
2023	\$ 14,333
2024	\$ (12,983)
2025	\$ 39,392

Actuarial Assumptions – The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry age normal
Discount Rate	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies
Post-retirement Benefit Increases	Up to 2.00% until purchasing power protection Allowance flows purchasing power applies, 2.50% thereafter

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for public agency plans (including PERF B), 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 the plans, the tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund, including PERF B. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB No. 68 section.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed February 2022. Any changes to the discount rate will require Board action and proper stockholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB No. 67 and No. 68 calculations through at least the 2021-22 fiscal years. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimated 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, 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 the 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.

COAST UNIFIED SCHOOL DISTRICT**NOTES TO BASIC FINANCIAL STATEMENTS**

JUNE 30, 2021

NOTE 9 - PENSION PLANS (Continued)**California Public Employees' Retirement System (CalPERS) (Continued)****B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	New Strategic Allocation	Expected Real Rate of Return Years 1 - 10 (a)	Expected Real Rate of Return Years 11+(b)
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100.0%		

(a) An expected inflation of 2.00% was used for this period

(b) An expected inflation of 2.92% was used for this period

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability, calculated using the discount rate, 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:

1% Decrease	6.15%
Net Pension Liability	\$ 7,087,025
Current Discount Rate	7.15%
Net Pension Liability	\$ 4,929,477
1% Increase	8.15%
Net Pension Liability	\$ 3,138,824

Pension Plan Fiduciary Net Position — Detailed information about pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

C. Payable to the Pension Plan

At June 30, 2021, the District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2021.

NOTE 10 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)Plan Description

CalSTRS administers a cost sharing multiple-employer other postemployment benefit plan (OPEB), the Medicare Premiums Payment Program (MPP) for all eligible members of the State Teachers' Retirement plan that were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund. CalSTRS issues a publicly available financial report that can be obtained at <https://www.calstrs.com/comprehensive-annual-financial-report>.

COAST UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 10 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Benefits Provided

The Medicare Premiums Payment Program (MPP) provides all employees' Medicare Part A premiums and Medicare Part A and B late enrollment surcharges for eligible members of the State Teachers' Retirement plan that were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A.

Contributions

Since the plan is only for employees retired or receiving a disability allowance prior to July 1, 2012, the plan is funded on a pay-as-you-go basis. The premium rates for Medicare A for employees without 30-39 quarters of Medicare employment was \$458 on December 1, 2020 and \$471 from January 1, 2021 to June 30, 2022. The premium rates for Medicare A for employees with 30-39 quarters of Medicare employment was \$252 from January 1, 2020 to December 31, 2020, and \$259 from January 1, 2021 to December 31, 2021. Contributions to the OPEB plan from the District were \$2,952 for the year ended June 30, 2020. Employees are not required to contribute to the OPEB plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the District reported a liability of \$45,188 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2020 using standard update procedures. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school. At June 30, 2020, the District's proportion was .016607%.

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$6,579. As of fiscal year ended June 30, 2021, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 3,066	\$ -
	\$ 3,066	\$ -

The \$3,066 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2021 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2022.

Actuarial Assumptions

The District's net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019 that was rolled forward to determine the June 30, 2020 total OPEB liability, based on the following actuarial methods and assumptions:

Discount Rate	2.21%
Investment Rate of Return	2.21%
Mortality Rate	Custom mortality tables based on RP2000 Series tables issued by the Society of Actuaries
Medicare Part A Premium Costs Trend Rate	4.50%
Medicare Part B Premium Costs Trend Rate	5.50%

Mortality rates were based on the RP2000 Series tables issued by the Society of Actuaries, adjusted to fit CALSTRS specific experience through June 30, 2015. For the valuation of June 30, 2017, CalSTRS changed the mortality assumptions based on the July 1, 2010, through June 30, 2015, experience study adopted by the board in February 2017. CalSTRS now uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016), issued by the Society of Actuaries.

COAST UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 10 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 2.21 percent. The MPP Program is funded on a pay-as-you-go basis and under this method, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 2.21 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2020, was applied to all periods of projected benefit payments to measurement the total OPEB liability.

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

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

	1% Decrease 1.21%	Discount Rate 2.21%	1% Increase 3.21%
District's proportionate share of the net OPEB liability	\$ 49,310	\$ 45,188	\$ 41,077

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measure period ended June 30, 2020:

	1% Decrease (3.5 % Part A and 4.5 % Part B)	Current Healthcare Cost Trend Rates (4.5 % Part A and 5.5 % Part B)	1% Increase (5.5 % Part A and 6.5 % Part B)
Net OPEB Liability	\$ 41,177	\$ 45,188	\$ 49,786

OPEB Plan Fiduciary Net Position

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2020, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer. For more information on the Surplus Money Investment Fund, see <https://www.treasurer.ca.gov/pmia-laif/pmia/index.asp>.

Payables to the OPEB Plan

At June 30, 2021, the District had no amount outstanding for contributions to the OPEB plan required for the fiscal year ended June 30, 2021.

NOTE 11 - CAPITAL LEASES

The District leases equipment valued at \$2,356,263, under an agreement which provides for title to pass upon expiration of the lease period. Future minimum lease payments are shown on the following page:

COAST UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 11 - CAPITAL LEASES (Continued)

Fiscal Year Ended June 30,	Governmental Activities
2022	\$ 170,624
2023	180,344
2024	179,571
2025	186,944
2026	191,219
2027-2032	1,328,111
2033-2035	1,013,180
Total minimum lease payments	3,249,993
Less amount representing interest	(996,163)
Present value of net minimum lease payments	<u>\$ 2,253,830</u>

NOTE 12 - LONG-TERM LIABILITIES – SCHEDULE OF CHANGES

A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2021, is shown below:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
Compensated absences	\$ 39,535	\$ 115,674	\$ 102,556	\$ 52,653	\$ -
Bonds payable	8,934,903		1,120,000	7,814,903	1,230,000
Bond premium	109,845		37,662	72,183	37,662
Bond discount	(4,348)		(1,631)	(2,717)	(1,631)
Net pension liability	11,970,860	3,973,462	3,380,808	12,563,514	
Net OPEB liability	38,495	8,380	1,687	45,188	
Capital leases payable	2,282,070	32,071	60,311	2,253,830	75,643
	<u>\$ 23,371,360</u>	<u>\$ 4,129,587</u>	<u>\$ 4,701,393</u>	<u>\$ 22,799,554</u>	<u>\$ 1,341,674</u>

NOTE 13 - JOINT VENTURES

The Coast Unified School District participates in two joint ventures under the joint powers agreements (JPAs): the Self-Insurance Program for Employees (S.I.P.E) and the Self-Insured Schools of California Group II (S.I.S.C. II). The relationship between the Coast Unified School District and the JPAs are such that none of the JPAs are a component unit of the Coast Unified School District for financial reporting purposes.

The JPAs are independently accountable for their fiscal matters. The insurance groups maintain their own accounting records. Budgets are not subject to any approval other than of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPA.

Self-Insurance Program for Employees (S.I.P.E.)

S.I.P.E. was established to provide the services and other items necessary and appropriate for the development, operation, and maintenance of a self-insurance system for workers' compensation claims against the public educational agencies who are members thereof. The participants consist of the Office of the County Superintendent of Schools, school districts, and a community college. Each participant may appoint one representative to the governing board. The Governing Board is responsible for establishing premium rates and making budgeting decisions.

The Self-Insured Schools of California II (S.I.S.C. II)

SISC II arranges for and provides property and liability insurance for its member school districts. The Coast Unified School District pays a premium commensurate with the level of coverage requested.

COAST UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 14 - COMMITMENTS AND CONTINGENCIES

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 the terms of the grants, it is believed that any required reimbursements will not be material.

Litigation

According to the District's staff and attorney, no contingent liabilities are outstanding and no lawsuits are pending of any real financial consequence.

NOTE 15 - NET POSITION

The government-wide and fiduciary funds financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment In Capital Assets – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position of the District, not restricted for any project or other purpose.

NOTE 16 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Bond Interest & Redemption Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable				
Revolving cash	\$ 10,000	\$ -	\$ -	\$ 10,000
Restricted				
Medi-cal billing option	13,511			13,511
Lottery: instructional materials	25,852			25,852
Employee professional development block grant	9,320			9,320
SB 117 COVID-19 LEA response funds	4,763			4,763
Expanded Learning Opportunities Grant	274,836			274,836
Other local	58,042			58,042
Associattted Student Body			226,007	226,007
Child nutrition			4,926	4,926
Capital projects			210,004	210,004
Debt service		4,313,579		4,313,579
Committed				
Future board commitments	555,425			555,425
Capital projects			415,401	415,401
Unassigned	3,221,983			3,221,983
Total	<u>\$ 4,173,732</u>	<u>\$ 4,313,579</u>	<u>\$ 856,338</u>	<u>\$ 9,343,649</u>

COAST UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 17 - RESTATEMENT

Due to the implementation of GASB No. 84, the District's fiduciary fund at June 30, 2020 is not reported as a part of net position in the governmental activities of the government-wide statement of net position and in the Associated Student Body Fund.

	Governmental Activities	Associated Student Body
Ending Net Position Fund Balance per prior year audit	\$ 9,006,343	\$ -
Restatement, per GASB Statement No. 84.	240,205	240,205
Net Position/Fund Balance, restated July 1, 2020	<u>\$ 9,246,548</u>	<u>\$ 240,205</u>

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REQUIRED SUPPLEMENTARY INFORMATION

COAST UNIFIED SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	\$ 560,740	\$ 623,045	\$ 623,045	\$ -
Education Protection Account Funds	112,281	110,380	110,380	-
Local Sources	11,135,666	11,267,509	11,267,509	-
Federal Revenue	400,622	1,060,646	1,060,646	-
Other State Revenue	707,336	1,038,145	1,038,145	-
Other Local Revenue	556,380	776,772	776,770	(2)
Total Revenues	<u>13,473,025</u>	<u>14,876,497</u>	<u>14,876,495</u>	<u>(2)</u>
Expenditures:				
Current:				
Certificated Salaries	4,619,912	4,447,596	4,447,744	(148)
Classified Salaries	2,535,124	2,371,428	2,371,423	5
Employee Benefits	2,999,384	2,860,542	2,860,544	(2)
Books And Supplies	685,603	966,854	880,147	86,707
Services And Other Operating Expenditures	1,482,441	1,115,121	1,054,367	60,754
Other Outgo	1,525,000	1,746,458	1,746,458	-
Direct Support/Indirect Costs	(12,242)	(10,020)	(10,020)	-
Capital Outlay	16,000	185,665	358,789	(173,124)
Debt Service:				
Principal	47,272	60,160	60,311	(151)
Interest	94,760	97,317	97,166	151
Total Expenditures	<u>13,993,254</u>	<u>13,841,121</u>	<u>13,866,929</u>	<u>(25,808)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(520,229)</u>	<u>1,035,376</u>	<u>1,009,566</u>	<u>(25,810)</u>
Other Financing Sources (Uses):				
Transfers Out	(170,121)	(153,052)	(195,713)	(42,661)
Proceeds From Capital Lease	-	-	32,071	32,071
Total Other Financing Sources (Uses)	<u>(170,121)</u>	<u>(153,052)</u>	<u>(163,642)</u>	<u>(10,590)</u>
Net Change in Fund Balance	(690,350)	882,324	845,924	(36,400)
Fund Balance, July 1	3,327,808	3,327,808	3,327,808	-
Fund Balance, June 30	<u>\$ 2,637,458</u>	<u>\$ 4,210,132</u>	<u>\$ 4,173,732</u>	<u>\$ (36,400)</u>

COAST UNIFIED SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last 10 Years*
As of June 30, 2021

The following table provides required supplementary information regarding the District's CALPERS Pension Plan.

	2021	2020	2019	2018
Proportion of the net pension liability	.0161 %	.0176 %	.0175 %	.0180 %
Proportionate share of the net pension liability	\$ 4,929,477	\$ 5,120,937	\$ 4,661,495	\$ 4,294,515
Covered payroll	\$ 2,314,796	\$ 2,433,933	\$ 2,306,413	\$ 2,292,389
Proportionate share of the net pension liability as percentage of covered payroll	212.96 %	210.40 %	202.11 %	187.34 %
Plan's total pension liability	\$ 102,289,672,089	\$ 97,300,991,939	\$ 91,459,283,785	\$ 84,871,025,628
Plan's fiduciary net position	\$ 71,606,596,106	\$ 68,156,740,617	\$ 64,796,135,561	\$ 60,998,386,333
Plan fiduciary net position as a percentage of the total pension liability	70.00 %	70.05 %	70.85 %	71.87 %

	2017	2016	2015
Proportion of the net pension liability	.0177 %	.0185 %	.0184 %
Proportionate share of the net pension liability	\$ 3,490,327	\$ 2,736,364	\$ 2,103,407
Covered payroll	\$ 2,152,545	\$ 2,045,332	\$ 1,955,401
Proportionate share of the net pension liability as percentage of covered payroll	162.15 %	133.79 %	107.57 %
Plan's total pension liability	\$ 75,663,026,434	\$ 71,651,164,353	\$ 68,292,799,349
Plan's fiduciary net position	\$ 55,912,964,588	\$ 56,911,065,643	\$ 56,940,364,500
Plan fiduciary net position as a percentage of the total pension liability	73.90 %	79.43 %	83.38 %

*- Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown.

Note to Schedule:

Change in Assumptions

In 2018, the discount rate was lowered to 7.15%.

In 2019, inflation was changed from 2.75% to 2.50% and individual salary increases and overall payroll growth was reduced from 3.00% to 2.75%.

COAST UNIFIED SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last 10 Years*
As of June 30, 2021

The following table provides required supplementary information regarding the District's CALSTRS Pension Plan.

	2021	2020	2019	2018
Proportion of the net pension liability	.0079 %	.0076 %	.0083 %	.0084 %
Proportionate share of the net pension liability	\$ 7,634,037	\$ 6,849,923	\$ 7,625,726	\$ 7,817,876
State's proportionate share of net pension liability associated with the District	5,160,521	7,184,302	4,500,261	4,997,190
Total	<u>\$ 12,794,558</u>	<u>\$ 14,034,225</u>	<u>\$ 12,125,987</u>	<u>\$ 12,815,066</u>
Covered payroll	\$ 4,208,392	\$ 4,105,541	\$ 4,429,938	\$ 4,571,995
Proportionate share of the net pension liability as percentage of covered payroll	181.40 %	166.85 %	172.14 %	170.99 %
Plan's total pension liability	\$ 343,894,793,000	\$ 329,179,470,000	\$ 316,777,450,000	\$ 302,770,146,000
Plan's fiduciary net position	\$ 246,983,743,995	\$ 238,851,887,995	\$ 224,868,634,995	\$ 210,289,899,995
Plan fiduciary net position as a percentage of the total pension liability	71.82 %	72.56 %	70.99 %	69.46 %

	2017	2016	2015
Proportion of the net pension liability	.0089 %	.0090 %	.0088 %
Proportionate share of the net pension liability	\$ 7,221,158	\$ 6,070,649	\$ 5,136,730
State's proportionate share of net pension liability associated with the District	4,263,350	3,210,827	3,834,358
Total	<u>\$ 11,484,508</u>	<u>\$ 9,281,476</u>	<u>\$ 8,971,088</u>
Covered payroll	\$ 4,383,411	\$ 4,241,002	\$ 3,964,606
Proportionate share of the net pension liability as percentage of covered payroll	164.74 %	143.14 %	129.56 %
Plan's total pension liability	\$ 269,994,690,000	\$ 259,146,248,000	\$ 248,910,844,000
Plan's fiduciary net position	\$ 189,113,486,995	\$ 191,822,335,995	\$ 190,474,016,000
Plan fiduciary net position as a percentage of the total pension liability	70.04 %	74.02 %	76.52 %

*- Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown.

Note to Schedule:

Change in Assumptions

In 2018, the discount rate was lowered to 7.10%, the wage growth rate was decreased to 3.50% and inflation was lowered to 2.75%

COAST UNIFIED SCHOOL DISTRICT

SCHEDULE OF PENSION CONTRIBUTIONS

Last 10 Years*

As of June 30, 2021

The following table provides required supplementary information regarding the District's CALPERS Pension Plan.

	2021	2020	2019	2018
Contractually required contribution (actuarially determined)	\$ 497,293	\$ 456,501	\$ 439,617	\$ 358,209
Contribution in relation to the actuarially determined contributions	497,293	456,501	439,617	358,209
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,402,382	\$ 2,314,796	\$ 2,433,933	\$ 2,306,413
Contributions as a percentage of covered payroll	20.700 %	19.721 %	18.062 %	15.531 %

	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 318,367	\$ 255,012	\$ 240,756
Contribution in relation to the actuarially determined contributions	318,367	255,012	240,756
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 2,292,389	\$ 2,152,545	\$ 2,045,332
Contributions as a percentage of covered payroll	13.888 %	11.847 %	11.771 %

Notes to Schedule

Valuation Date:	6/30/2014
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age
Asset valuation method	5-year smoothed market
Amortization method	The unfunded actuarial accrued liability is amortized over an open 17 year period as a level percentage of payroll
Discount rate	7.75%
Amortization growth rate	3.75%
Price Inflation	3.25%
Salary increases	3.75% plus merit component based on employee classification and years of service
Mortality	Sex distinct RP-2000 Combined Mortality projected to 2010 using Scale AA with a 2 year setback for males and a 4 year setback for females
Valuation date:	6/30/2015
Discount rate	7.65%
Valuation date:	6/30/2017
Discount rate	7.375%
Price Inflation	2.75%
Amortization growth rate	2.88%
Valuation date:	6/30/2018
Discount rate	7.15%

*- Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown.

COAST UNIFIED SCHOOL DISTRICT

SCHEDULE OF PENSION CONTRIBUTIONS

Last 10 Years*

As of June 30, 2021

The following table provides required supplementary information regarding the District's CALSTRS Pension Plan.

	2021	2020	2019	2018
Contractually required contribution (actuarially determined)	\$ 688,522	\$ 719,635	\$ 668,382	\$ 639,240
Contribution in relation to the actuarially determined contributions	688,522	719,635	668,382	639,240
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,263,294	\$ 4,208,392	\$ 4,105,541	\$ 4,429,938
Contributions as a percentage of covered payroll	16.15 %	17.10 %	16.28 %	14.43 %

	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 575,157	\$ 470,340	\$ 376,601
Contribution in relation to the actuarially determined contributions	575,157	470,340	376,601
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 4,571,995	\$ 4,383,411	\$ 4,241,002
Contributions as a percentage of covered payroll	12.58 %	10.73 %	8.88 %

Notes to Schedule

Valuation Date:	6/30/2014
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age
Asset valuation method	Expected value with 33% adjustment to market value
Amortization method	The unfunded actuarial accrued liability is amortized over an open 30 year period as a level percentage of payroll
Discount rate	7.60%
Amortization growth rate	3.75%
Price Inflation	3.00%
Salary increases	3.75%
Mortality	Sex distinct RP-2000 Combined Mortality projected to 2010 using Scale AA with a 2 year setback for males and a 4 year setback for females
Valuation date:	6/30/2017
Discount rate	7.35%
Amortization growth rate	3.50%
Price inflation	2.75%
Valuation date:	6/30/2018
Discount rate	7.10%

*- Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown.

COAST UNIFIED SCHOOL DISTRICT**SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY AND RELATED RATIOS**

Last 10 Years*

As of June 30, 2021

The following table provides required supplementary information regarding the District's OPEB Plan:

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the collective liability	.016607 %	.010337 %	.009866 %	.007826 %
District's proportionate share of the collective net OPEB liability	\$ 45,188	\$ 38,495	\$ 37,765	\$ 32,925
District's covered payroll	N/A	N/A	N/A	N/A
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	.0000 %	.0000 %	.0099 %	.0097 %

*- Fiscal year 2018 was the 1st year of implementation, therefore only four years are shown.

COAST UNIFIED SCHOOL DISTRICT

SCHEDULE OF OPEB CONTRIBUTIONS

Last 10 Years*

As of June 30, 2021

The following table provides required supplementary information regarding the District's OPEB Pension Plan:

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily or contractually required District contribution	\$ 3,066	\$ 2,952	\$ 2,892	\$ 2,784
Contributions recognized by OBEB in relation to statutorily or contractually required contribution	<u>3,066</u>	<u>2,952</u>	<u>2,892</u>	<u>2,784</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A

*- Fiscal year 2018 was the 1st year of implementation, therefore only four years are shown.

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SUPPLEMENTARY INFORMATION

COAST UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2021

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS:			
Cash in County Treasury	\$ (29,134)	\$ 628,807	\$ 599,673
Cash on Hand and in Banks	227,092	-	227,092
Accounts Receivable	40,321	-	40,321
Total Assets	<u>\$ 238,279</u>	<u>\$ 628,807</u>	<u>\$ 867,086</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	\$ 7,346	\$ -	\$ 7,346
Due to Other Funds	-	3,402	3,402
Total Liabilities	<u>7,346</u>	<u>3,402</u>	<u>10,748</u>
Fund Balances:			
Restricted	230,933	210,004	440,937
Committed	-	415,401	415,401
Total Fund Balances	<u>230,933</u>	<u>625,405</u>	<u>856,338</u>
Total Liabilities and Fund Balances	<u>\$ 238,279</u>	<u>\$ 628,807</u>	<u>\$ 867,086</u>

COAST UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Federal Revenue	\$ 198,536	\$ -	\$ 198,536
Other State Revenue	29,764	-	29,764
Other Local Revenue	78,193	31,677	109,870
Total Revenues	<u>306,493</u>	<u>31,677</u>	<u>338,170</u>
Expenditures:			
Current:			
Pupil Services	366,190	-	366,190
Ancillary Services	92,607	-	92,607
General Administration	10,020	-	10,020
Capital Outlay	-	968,248	968,248
Total Expenditures	<u>468,817</u>	<u>968,248</u>	<u>1,437,065</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(162,324)</u>	<u>(936,571)</u>	<u>(1,098,895)</u>
Other Financing Sources (Uses):			
Transfers In	153,052	42,661	195,713
Total Other Financing Sources (Uses)	<u>153,052</u>	<u>42,661</u>	<u>195,713</u>
Net Change in Fund Balances	<u>(9,272)</u>	<u>(893,910)</u>	<u>(903,182)</u>
Fund Balances, July 1	-	1,519,315	1,519,315
Restatement	240,205	-	240,205
Fund Balances, July 1 - Restated	<u>240,205</u>	<u>1,519,315</u>	<u>1,759,520</u>
Fund Balances, June 30	<u>\$ 230,933</u>	<u>\$ 625,405</u>	<u>\$ 856,338</u>

COAST UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2021

	Associated Student Body Fund	Cafeteria Fund	Total Nonmajor Special Revenue Funds
ASSETS:			
Cash in County Treasury	\$ -	\$ (29,134)	\$ (29,134)
Cash on Hand and in Banks	226,007	1,085	227,092
Accounts Receivable	-	40,321	40,321
Total Assets	<u>\$ 226,007</u>	<u>\$ 12,272</u>	<u>\$ 238,279</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	\$ -	\$ 7,346	\$ 7,346
Total Liabilities	<u>-</u>	<u>7,346</u>	<u>7,346</u>
Fund Balances:			
Restricted	226,007	4,926	230,933
Total Fund Balances	<u>226,007</u>	<u>4,926</u>	<u>230,933</u>
Total Liabilities and Fund Balances	<u>\$ 226,007</u>	<u>\$ 12,272</u>	<u>\$ 238,279</u>

COAST UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Associated Student Body Fund	Cafeteria Fund	Total Nonmajor Special Revenue Funds
Revenues:			
Federal Revenue	\$ -	\$ 198,536	\$ 198,536
Other State Revenue	-	29,764	29,764
Other Local Revenue	78,409	(216)	78,193
Total Revenues	<u>78,409</u>	<u>228,084</u>	<u>306,493</u>
Expenditures:			
Current:			
Pupil Services	-	366,190	366,190
Ancillary Services	92,607	-	92,607
General Administration	-	10,020	10,020
Total Expenditures	<u>92,607</u>	<u>376,210</u>	<u>468,817</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(14,198)</u>	<u>(148,126)</u>	<u>(162,324)</u>
Other Financing Sources (Uses):			
Transfers In	-	153,052	153,052
Total Other Financing Sources (Uses)	<u>-</u>	<u>153,052</u>	<u>153,052</u>
Net Change in Fund Balances	<u>(14,198)</u>	<u>4,926</u>	<u>(9,272)</u>
Fund Balances, July 1	-	-	-
Restatement	240,205	-	240,205
Fund Balances, July 1 - Restated	<u>240,205</u>	<u>-</u>	<u>240,205</u>
Fund Balances, June 30	<u>\$ 226,007</u>	<u>\$ 4,926</u>	<u>\$ 230,933</u>

COAST UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR CAPITAL PROJECTS FUNDS

JUNE 30, 2021

	Capital Facilities Fund	Special Reserve Fund	Total Nonmajor Capital Projects Funds
ASSETS:			
Cash in County Treasury	\$ 213,406	\$ 415,401	\$ 628,807
Total Assets	<u>\$ 213,406</u>	<u>\$ 415,401</u>	<u>\$ 628,807</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Due to Other Funds	\$ 3,402	\$ -	\$ 3,402
Total Liabilities	<u>3,402</u>	<u>-</u>	<u>3,402</u>
Fund Balances:			
Restricted	210,004	-	210,004
Committed	-	415,401	415,401
Total Fund Balances	<u>210,004</u>	<u>415,401</u>	<u>625,405</u>
Total Liabilities and Fund Balances	<u>\$ 213,406</u>	<u>\$ 415,401</u>	<u>\$ 628,807</u>

COAST UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Capital Facilities Fund	Special Reserve Fund	Total Nonmajor Capital Projects Funds
Revenues:			
Other Local Revenue	\$ 25,267	\$ 6,410	\$ 31,677
Total Revenues	<u>25,267</u>	<u>6,410</u>	<u>31,677</u>
Expenditures:			
Current:			
Capital Outlay	<u>27,378</u>	<u>940,870</u>	<u>968,248</u>
Total Expenditures	<u>27,378</u>	<u>940,870</u>	<u>968,248</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,111)</u>	<u>(934,460)</u>	<u>(936,571)</u>
Other Financing Sources (Uses):			
Transfers In	-	42,661	42,661
Total Other Financing Sources (Uses)	<u>-</u>	<u>42,661</u>	<u>42,661</u>
Net Change in Fund Balances	(2,111)	(891,799)	(893,910)
Fund Balances, July 1	212,115	1,307,200	1,519,315
Fund Balances, June 30	<u>\$ 210,004</u>	<u>\$ 415,401</u>	<u>\$ 625,405</u>

COAST UNIFIED SCHOOL DISTRICT

ASSOCIATED STUDENT BODY FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Other Local Revenue	\$ -	\$ 78,409	\$ 78,409
Total Revenues	-	78,409	78,409
Expenditures:			
Current:			
Books And Supplies	-	92,607	(92,607)
Total Expenditures	-	92,607	(92,607)
Net Change in Fund Balance	-	(14,198)	(14,198)
Fund Balance, July 1	-	-	-
Restatement	-	240,205	240,205
Fund Balance, July 1 - Restated	-	240,205	240,205
Fund Balance, June 30	\$ -	\$ 226,007	\$ 226,007

COAST UNIFIED SCHOOL DISTRICT

CAFETERIA FUND

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Federal Revenue	\$ 193,963	\$ 198,536	\$ 4,573
Other State Revenue	29,411	29,764	353
Other Local Revenue	(216)	(216)	-
Total Revenues	<u>223,158</u>	<u>228,084</u>	<u>4,926</u>
Expenditures:			
Current:			
Classified Salaries	183,367	183,363	4
Employee Benefits	74,100	74,103	(3)
Books And Supplies	96,471	96,469	2
Services And Other Operating Expenditures	12,255	12,255	-
Direct Support/Indirect Costs	10,020	10,020	-
Total Expenditures	<u>376,213</u>	<u>376,210</u>	<u>3</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(153,055)</u>	<u>(148,126)</u>	<u>4,929</u>
Other Financing Sources (Uses):			
Transfers In	153,052	153,052	-
Total Other Financing Sources (Uses)	<u>153,052</u>	<u>153,052</u>	<u>-</u>
Net Change in Fund Balance	(3)	4,926	4,929
Fund Balance, July 1	-	-	-
Fund Balance, June 30	<u>\$ (3)</u>	<u>\$ 4,926</u>	<u>\$ 4,929</u>

COAST UNIFIED SCHOOL DISTRICT

CAPITAL FACILITIES FUND

CAPITAL PROJECTS FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Other Local Revenue	\$ 25,267	\$ 25,267	\$ -
Total Revenues	<u>25,267</u>	<u>25,267</u>	<u>-</u>
Expenditures:			
Capital Outlay	27,378	27,378	-
Total Expenditures	<u>27,378</u>	<u>27,378</u>	<u>-</u>
Net Change in Fund Balance	(2,111)	(2,111)	-
Fund Balance, July 1	212,115	212,115	-
Fund Balance, June 30	<u>\$ 210,004</u>	<u>\$ 210,004</u>	<u>\$ -</u>

COAST UNIFIED SCHOOL DISTRICT
SPECIAL RESERVE FUND FOR CAPITAL OUTLAY PROJECTS
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Other Local Revenue	\$ 6,408	\$ 6,410	\$ 2
Total Revenues	<u>6,408</u>	<u>6,410</u>	<u>2</u>
Expenditures:			
Capital Outlay	990,871	940,870	50,001
Total Expenditures	<u>990,871</u>	<u>940,870</u>	<u>50,001</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(984,463)</u>	<u>(934,460)</u>	<u>50,003</u>
Other Financing Sources (Uses):			
Transfers In	42,661	42,661	-
Total Other Financing Sources (Uses)	<u>42,661</u>	<u>42,661</u>	<u>-</u>
Net Change in Fund Balance	(941,802)	(891,799)	50,003
Fund Balance, July 1	1,307,200	1,307,200	-
Fund Balance, June 30	<u>\$ 365,398</u>	<u>\$ 415,401</u>	<u>\$ 50,003</u>

COAST UNIFIED SCHOOL DISTRICT

ORGANIZATION
JUNE 30, 2021

The Coast Unified School District was formed on July 1, 1996. The Coast Unified School District operates one high school, one continuation school, one middle school, one elementary school, one community day school, and one adult school. There were no changes in the boundaries of the District during the current fiscal year.

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Samuel Shalhoub	President	2024
Tiffany Silva	Clerk	2022
Gary Stephenson	Member	2024
Lee McFarland	Member	2024
Jack Mettier	Member	2024

ADMINISTRATION

Scott Smith
Superintendent

Annie Lachance
Business Manager

COAST UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Second Period *</u>	<u>Annual Report *</u>
Elementary		
Kindergarten through third	N/A	N/A
Grades four through six	N/A	N/A
Grades seven and eight	N/A	N/A
Elementary totals	<u>N/A</u>	<u>N/A</u>
Secondary		
Regular classes	<u>N/A</u>	<u>N/A</u>
Secondary totals	<u>N/A</u>	<u>N/A</u>
ADA totals	<u>N/A</u>	<u>N/A</u>

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. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

*Due to the COVID-19 pandemic, this schedule is not required for the fiscal year ended June 30, 2021.

COAST UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<u>Grade Level</u>	<u>Instructional Days Required</u>	<u>Traditional Calendar</u>	<u>Status</u>
Kindergarten	180	180	In compliance
Grade 1	180	180	In compliance
Grade 2	180	180	In compliance
Grade 3	180	180	In compliance
Grade 4	180	180	In compliance
Grade 5	180	180	In compliance
Grade 6	180	180	In compliance
Grade 7	180	180	In compliance
Grade 8	180	180	In compliance
Grade 9	180	180	In compliance
Grade 10	180	180	In compliance
Grade 11	180	180	In compliance
Grade 12	180	180	In compliance

Districts must maintain their instructional minutes as defined in Education Code Section 43501 and must have the number of instructional days as defined in Education Code Section 43502 (c).

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

COAST UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<u>General Fund (note 1)</u>	<u>Budget (note 3)</u> <u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenues and other financial sources	\$ <u>14,930,789</u>	\$ <u>14,870,423</u>	\$ <u>13,571,526</u>	\$ <u>13,561,323</u>
Expenditures	15,532,761	13,866,929	12,834,863	12,956,048
Other uses and transfers out	<u>297,927</u>	<u>120,981</u>	<u>163,690</u>	<u>146,299</u>
Total outgo	<u>15,830,688</u>	<u>13,987,910</u>	<u>12,998,553</u>	<u>13,102,347</u>
Change in fund balance	<u>(899,899)</u>	<u>882,513</u>	<u>572,973</u>	<u>458,976</u>
Ending fund balance	\$ <u>2,718,408</u>	\$ <u>3,618,307</u>	\$ <u>2,735,794</u>	\$ <u>2,162,821</u>
Available reserves (note 2)	\$ <u>2,394,561</u>	\$ <u>3,221,983</u>	\$ <u>2,567,985</u>	\$ <u>1,993,492</u>
Reserved for economic uncertainties	\$ <u>2,394,561</u>	\$ <u>3,221,983</u>	\$ <u>2,567,985</u>	\$ <u>1,993,492</u>
Unassigned fund balance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Available reserves as a percentage of total outgo	15.13%	23.03%	19.76%	15.21%
Total long-term debt	\$ 21,457,880	\$ 22,799,554	\$23,371,360	\$22,509,778
Average daily attendance at P-2	476	551	551	535

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 \$1,455,486 over the past two fiscal years. The fiscal year 2021-22 budget projects a decrease of \$899,899. For a District this size, the State recommends available reserves of at least 4 percent of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating surplus in each of the past three fiscal years, and the District anticipates incurring an operating deficit in the 2021-22 fiscal year. Total long-term debt has increased by \$289,776 over the past two fiscal years.

Average daily attendance has increased by 16 over the past two fiscal years. A decrease of 75 in ADA is anticipated during the 2021-22 fiscal year.

NOTES:

- (1) General Fund amounts do not include activity related to the consolidation of the Special Reserve Fund as required by GASB Statement No. 54.
- (2) Available reserves consist of all unassigned fund balances and reserved for economic uncertainties contained within the General Fund and the Special Reserve Fund.
- (3) Budget 2022 is included for analytical purposes only and has not been subjected to audit.

COAST UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster	Federal Catalog Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education:			
Passed through the California			
Department of Education:			
Title I	84.010	14329	\$ 132,050
ESSER I *	84.425	15536	105,413
ESSER II *	84.425	15547	80,207
GEER *	84.425C	15517	32,661
			<u>218,281</u>
Special Education	84.027	13379	111,216
Special Education - Preschool Grants	84.173	10115	4,555
			<u>115,771</u>
Improving Teacher Quality	84.367	14341	17,757
Title III	84.365	14346	30,271
U.S. Department of Agriculture:			
Passed through the California			
Department of Education:			
National School Lunch	10.555	13391	121,648
National School Breakfast	10.553	13526	76,888
			<u>198,536</u>
U.S. Department of the Treasury:			
Passed through the California			
Department of Education:			
Coronavirus Relief Fund*	21.019	25516	520,201
Health and Human Services:			
Direct Program:			
Medical Billing	93.778	10013	26,315
Total expenditures of federal awards			<u>\$ 1,259,182</u>

* - Denotes major programs

The accompanying note is an integral part of this schedule.

COAST UNIFIED SCHOOL DISTRICT
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Coast Unified School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements*, Cost Principles for Federal Awards (Uniform Guidance), therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. The District has not elected to use the ten percent de minimus cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

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COAST UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH AUDITED FINANCIAL STATEMENTS
JUNE 30, 2021

			Special Revenue Fund
	General Fund	Cafeteria Fund	Special Reserve Fund
June 30, 2021 annual financial and budget report fund balances	\$ 3,618,307	\$ 4,926	\$ 555,425
Understatement of cash on hand and in bank			
June 30, 2021 audited financial statements fund balances	<u>\$ 3,618,307</u>	<u>\$ 4,926</u>	<u>\$ 555,425</u>

	Long-Term Liabilities
June 30, 2021 annual financial and budget report long-term liabilities	\$ 22,204,319
Understatement of capital lease payable	31,920
Overstatement of bonds payable	(105,497)
Understatement of unamortized bond premium	72,183
Understatement of unamortized bond discount	(2,717)
Understatement of net pension liability	592,653
Understatement of net OPEB liability	<u>6,693</u>
June 30, 2021 audited financial statements long-term liabilities	<u>\$ 22,799,554</u>

This schedule provides the information necessary to reconcile the fund balances of all funds and the total liabilities balance of the long-term debt as reported on the budget and annual financial report to the audited financial statements.

Associated Student Body Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Capital Projects Fund <hr/> Special Reserve Fund
\$ -	\$ 210,004	\$ 4,313,579	\$ 415,401
<hr/> 226,007			
<hr/> <u>\$ 226,007</u>	<hr/> <u>\$ 210,004</u>	<hr/> <u>\$ 4,313,579</u>	<hr/> <u>\$ 415,401</u>



**INDEPENDENT AUDITORS' 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**

Board of Trustees
Coast Unified School District
Cambria, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Coast Unified School District (the District), as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 7, 2022.

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) to determine the 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. However, material weaknesses may exist that have not been identified.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Moss, Kelly & Hartgrain LLP

Santa Maria, California
January 7, 2022

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Coast Unified School District
Cambria, California

Report on State Compliance

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

Management's Responsibility for State Compliance

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Coast Unified School District's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *2020-2021 Guide for Annual Audits of California K-12 Local Educational Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, Section 19810. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about Coast Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Coast Unified Union School District's compliance with those requirements.

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

<u>Compliance Requirements</u>	<u>Procedures in Audit Guide Performed</u>
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS:	
Attendance accounting:	
Attendance reporting and Distance learning	Yes
Teacher certification and misassignments	Yes
Kindergarten continuance	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not applicable

Compliance Requirements

Procedures in Audit Guide Performed

GANN Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 grade Span Adjustment	Yes
Apprenticeship, Related and Supplemental Instruction	Not applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not applicable

SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS:

California Clean Energy Jobs Act	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Pupil Counts	Yes

CHARTER SCHOOLS:

Independent Study-Course Based	Not applicable
Attendance	Not applicable
Mode of Instruction	Not applicable
Nonclassroom-Based Instruction/Independent Study	Not applicable
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Charter School Facility Grant Program	Not applicable

Basis for Qualified Opinion on Classroom Teacher Salaries

As described in the accompanying schedule of findings and questioned costs, as item 2021-001, Coast Unified School District did not comply with requirements regarding Classroom Salaries in accordance with the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, Section 19810. Compliance with such requirements is necessary, in our opinion, for the Coast Unified School District to comply with the requirements applicable to that program.

Qualified Opinion on Classroom Teacher Salaries

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Coast Unified School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on State Compliance for the fiscal year ended June 30, 2021.

Unmodified Opinion on Other State Compliance Requirements

In our opinion, the Coast Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other state compliance for the fiscal year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with the *2020-2021 Guide for Annual Audits of California K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, Section 19810 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2021-002. Our opinion is not modified with respect to this matter.

Coast Unified School District's Response to Findings

Coast Unified School District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Coast Unified 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 compliance and the results of that testing, and not to provide an opinion of all the effectiveness of the entity's internal control or on compliance outside of the items tested as noted above. This report is an integral part of an audit performed in accordance with 2020-2021 Guide for Annual *Audits of California K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, Section 19810 in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

Moss, Rinz & Hartgeim LLP

Santa Maria, California
January 7, 2022

The term "not applicable" is used above to mean either Coast Unified School District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees
Coast Unified School District
Cambria, California

Report on Compliance for Each Major Federal Program

We have audited the Coast Unified School District's compliance with the types of compliance requirements described in the *Compliance Supplement* that could have a direct and material effect on each of Coast Unified School District's major federal programs for the fiscal year ended June 30, 2021. Coast Unified School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control

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

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

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

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

Moss, Kelly & Hargheim LLP

Santa Maria, California
January 7, 2022

FINDINGS AND RECOMMENDATIONS SECTION

COAST UNIFIED SCHOOL DISTRICT
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 JUNE 30, 2021

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

_____ Yes X No

Significant deficiencies identified not considered
to be material weaknesses?

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major programs:

Internal control over financial reporting:

Material weaknesses identified?

_____ Yes X No

Significant deficiencies identified not considered
to be material weaknesses?

_____ Yes X None reported

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

Unmodified

Any audit findings disclosed that are required to be
Reported in accordance with the Uniform Guidance,
Section 200.516

_____ Yes X No

Identification of major programs

CFDA Number (s)

Name of Federal Program or Cluster

21.019

Coronavirus Relief Fund

84.425

Education Stabilization Fund

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

\$ 750,000

Auditee qualified as low-risk auditee:

_____ Yes X No

State Awards

Any audit findings disclosed that are required to be
reported in accordance with Standards and Procedures
for Audits of California K-12 Local Education Agencies?

 X Yes _____ No

Type of auditors' report issued on compliance
for state programs:

Unmodified/Qualified on Classroom
Teacher Salaries

COAST UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

Section II – Financial Statement Findings

There were no financial statement findings in the fiscal year ended June 30, 2021.

COAST UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

Section III - State Award Findings and Questioned Costs

FINDING 2021-001
CLASSROOM TEACHER SALARIES
61000

Criteria:

In accordance with Education Code Section 41372, unified school districts must have at least 55 percent of education expense be for teacher salaries.

Condition:

During our examination of expenses, it was noted the District did not meet the applicable minimum percentage.

Cause:

District oversight.

Effect:

The District did not spend enough for the minimum classroom teacher salaries by \$467,963.

Minimum percentage required:	55.00%
Percentage spent by the district:	50.34%
Percentage below the minimum:	4.66%
District's Current Expense of Education after reductions:	\$ 10,904,866
Deficiency Amount:	\$ 508,167

Questioned Costs:

\$508,167

Repeat Finding:

Yes, see Finding 2020-002.

Recommendation:

The District should monitor the expenditures for the year and ensure the minimum percentage is met.

District's Corrective Action Plan:

The District is in a situation, as a Basic Aid district where we find ourselves in declining enrollment and our number of teachers remained the same over the prior year. In addition, we have received an influx of COVID relief funding. While some of the money received was spent on salaries, we used the majority of the funding to prepare our sites for in-person instruction. We are receiving more revenues, based on property taxes, but spending relatively the same on salaries. However, we will monitor expenditures during the year to try and make sure the minimum percentage is met, if possible.

FINDING 2021-002
SCHOOL ACCOUNTABILITY REPORT CARD
72000

Criteria:

In accordance with Education Code Section 33126(b)(8), the District shall provide information on the safety, cleanliness, and adequacy of school facilities in the School Accountability Report Card using data gathered from the District's most recently completed Facility Inspection Tool (FIT) report.

Condition:

In examining the School Accountability Report Card, it was noted that the facilities information included for Cambria Grammar School, Santa Lucia Middle School, and Cambria High School did not match the information included in the FIT reports.

Effect:

The School Accountability Report Card did not accurately reflect the state of District facilities.

Cause:

District oversight and change in personnel whom prepared the School Accountability Report Cards this fiscal year.

Questioned Costs:

\$0

COAST UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

Repeat Finding:

Yes, see Finding 2020-004.

Recommendation:

The District should ensure that all data from the FIT reports are properly entered into the School Accountability Report Card data in order to accurately reflect the state of the District's facilities as required.

District's Corrective Action Plan:

The District has assigned one person to review the School Accountability Report Card information given by the sites prior to it being finalized and published. With the disruption of the school year in 2020-21, this was one of the items that was not followed up on. This will be reviewed for the 2021-22 school year.

COAST UNIFIED SCHOOL DISTRICT

SCHEDULE OF PRIOR FISCAL YEAR AUDIT FINDINGS AND QUESTIONED COSTS JUNE 30, 2021

Section I – Financial Statement Findings

FINDING 2020-001 STUDENT BODY ACCOUNTS 30000

Criteria:

Internal control procedures must be followed when students hold a fund-raising event or collect cash. Per the ASB Accounting Manual, a fund-raising event may not be held unless cash control procedures have been established for the event, to protect against fraud, and to provide evidence that cash was handled appropriately. The ASB must reconcile cash received to cash deposited from every fund-raising event and collection of cash by using the following five cash control procedures as applicable; prenumbered tickets for all sales events, a cash register for store-type sales, prenumbered receipt books for all receipt transactions, a tally sheet for designated activities, and inventory control for vending machines.

Condition:

Of 10 receipts tested at Santa Lucia Middle School, 5 were missing appropriate documentation.

Effect:

A lack of appropriate expenditure control can lead to a misappropriation of assets.

Cause:

District Oversight

Recommendation:

Prepare and retain documentation of cash received for all ASB events that includes the event, date, amount received from each individual, number of yearbooks sold, tickets sold, amount deposited, etc. in enough detail to allow recalculation of the amount received that agrees with the amount deposited for each event conducted during each school year. See *Chapter 10 – Cash Receipt Management & Procedures* of the ASB Accounting Manual for more information.

Current Status:

Implemented.

COAST UNIFIED SCHOOL DISTRICT
SCHEDULE OF PRIOR FISCAL YEAR AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

Section II - State Award Findings and Questioned Costs

FINDING 2020-002
CLASSROOM TEACHER SALARIES
61000

Criteria:

In accordance with Education Code Section 41372, unified school districts must have at least 55 percent of education expense be for teacher salaries.

Condition:

During our examination of expenses, it was noted the District did not meet the applicable minimum percentage.

Cause:

District oversight.

Effect:

The District did not spend enough for the minimum classroom teacher salaries by \$467,963.

Minimum percentage required:	55.00%
Percentage spent by the district:	50.61%
Percentage below the minimum:	4.39%
District's Current Expense of Education after reductions:	\$ 10,659,746
Deficiency Amount:	\$ 467,963

Questioned Costs:

\$467,963

Recommendation:

The District should monitor the expenditures for the year and ensure the minimum percentage is met.

Current Status:

Not implemented, see Finding 2021-001.

Finding 2020-003
AFTER SCHOOL EDUCATION AND SAFETY PROGRAM (ASES)
40000

Criteria:

Attendance documentation supporting the reported numbers of students served for the ASES Program should be maintained by the school district in accordance with California Education Code § 8482-8484.6.

Condition:

In testing the supporting schedules for the 1st half of Santa Lucia Middle School's ASES Program, the District appeared to be overstating 61 days on attendance (days they were marked as present but not properly signed in or out).

Effect:

1st Half attendance is overstated.

Cause:

District oversight.

Questioned Costs:

\$0

Recommendation:

The District should implement controls to properly record attendance and ensure that all students are properly signed in and out daily.

Current Status:

ASES program was not selected for compliance examination by the State of California in the fiscal year ended June 30, 2021.

COAST UNIFIED SCHOOL DISTRICT

SCHEDULE OF PRIOR FISCAL YEAR AUDIT FINDINGS AND QUESTIONED COSTS

JUNE 30, 2021

FINDING 2020-004 SCHOOL ACCOUNTABILITY REPORT CARD 72000

Criteria:

In accordance with Education Code Section 33126(b)(8), the District shall provide information on the safety, cleanliness, and adequacy of school facilities in the School Accountability Report Card using data gathered from the District's most recently completed Facility Inspection Tool (FIT) report.

Condition:

In examining the School Accountability Report Card, it was noted that the facilities information included for Cambria Grammar School, Santa Lucia Middle School, and Cambria High School did not match the information included in the FIT reports.

Effect:

The School Accountability Report Card did not accurately reflect the state of District facilities.

Cause:

District oversight and change in personnel whom prepared the School Accountability Report Cards this fiscal year.

Questioned Costs:

\$0

Repeat Finding:

No.

Recommendation:

The District should ensure that all data from the FIT reports are properly entered into the School Accountability Report Card data in order to accurately reflect the state of the District's facilities as required.

Current Status:

Not implemented, see Finding 2021-002.