Lakeside Union School District

Proposition V & Measure L Building Fund (21-39)

Financial Statements & Supplementary Information

June 30, 2020

Wilkinson Hadley King & Co. LLP
CPAs and Advisors

Lakeside Union School District
Proposition V & Measure L Building Fund (21-39)
Table of Contents
June 30, 2020

Lakeside Union School District
Proposition V & Measure L Building Fund (21-39)
Introduction & Citizens' Oversight Committee Member Listing

On November 4, 2008 the Lakeside Union School District was successful under Proposition V in obtaining authorization from the District voters to issue up to $79,550,000 in General Obligation Bonds pursuant to a 55% vote in a bond election.

The Board of Trustees of the District found and determined that, due to State law limitations imposed on the issuance of bonds under Proposition V, the balance of funds pending issuance would not be able to be acquired; therefore, on November 4, 2014, Lakeside Union School District was successful under Measure L in obtaining re-authorization from the District voters to issue up to $31,000,000 in General Obligation Bonds pursuant to a 55% vote in a bond election.

The General Obligation Bonds are considered Proposition 39 bonds. The passage of Proposition 39 in November, 2000 amended the California Constitution to include accountability measures. Specifically, the District must conduct an annual, independent performance audit to ensure that funds have been expended only on the specific projects listed as well as an annual, independent audit of the proceeds from the sale of the bonds until all of the proceeds have been expended.

Upon passage of Proposition 39, an accompanying piece of legislation, AB 1908 was also enacted, which amended the Education Code to establish additional procedures which must be followed if a District seeks approval of a bond measure pursuant to the 55% majority authorized in Proposition 39 including formation, composition and purpose of the Independent Citizens' Oversight Committee, and authorization for injunctive relief against improper expenditure of bond revenues.

The Lakeside Union School District Proposition V and Measure L Independent Citizens' Oversight Committee as of June 30, 2019 was comprised of the following members:

Name	Position	Criteria	Term Expiration
Kathy Kassel	Chair	Local Business Representative	March 2021
Liz Higgins	Vice Chair	Senior Representative	March 2021
David Suter	Member	Parent Representative	February 2022
Britni Cobb	Member	Parent/PTO Representative	February 2022
John Heredia	Member	Taxpayer Association Representative	February 2021
Frank Hilliker	Member	Community Member	March 2021
Jennifer Lee Clancy	Member	Community Member	February 2022

WILKINSON HADLEY
KING & CO. LLP
CPAS AND ADVISORS
El Cajon, CA | Berkeley, CA

Brian K. Hadley, CPA
Aubrey W. Mann, CPA
Kevin A. Sproul, CPA

Independent Auditor's Report

To the Citizens' Oversight Committee
Lakeside Union School District
Proposition V & Measure L Building Fund (21-39)
Lakeside, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Lakeside Union School District Proposition V & Measure L Building Fund (21-39), which comprise the balance sheet as of June 30, 2020, and the related statement of revenues, expenditures, and changes in fund balance for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Lakeside Union School District Proposition V & Measure L Building Fund (21-39) as of June 30, 2020, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note A, the financial statements present only the Building Fund (21-39) which is specific to Proposition V & Measure L and is not intended to present fairly the financial position and results of operations of Lakeside Union School District in conformity with accounting principles generally accepted in the United States of America. 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 and other required supplementary information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information identified in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2021, on our consideration of Lakeside Union School District Proposition V & Measure L Building Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of Proposition 39, as incorporated in California Constitution Article 13A, we have also issued our performance audit report dated March 10, 2021 on our consideration of the District's compliance with the requirements of Proposition 39 with regards to the Proposition V & Measure L Building Fund (21-39). That report is an integral part of our audit of the Lakeside Union School District Proposition V & Measure L Building Fund (21-39) for the fiscal year ended June 30, 2020 and should be considered in assessing the results of our financial audit.

Wilkinson Hadley King & Co LLP

El Cajon, California
March 10, 2021

LAKESIDE UNION SCHOOL DISTRICT
PROPOSITION V & MEASURE L
GENERAL OBLIGATION BONDS
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
For Fiscal Year Ended June 30, 2020

This section of Lakeside Union School District's (District) Proposition V & Measure L Building Fund annual financial and performance audit report presents management's discussion and analysis of the Bond Program during the year ending June 30, 2020. Readers should also review the financial statements and notes to the basic financial statements included in the audit report to enhance their understanding of the Proposition V & Measure L Bond Program's financial and program performance.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the District's Proposition V & Measure L Building Fund basic financial statements. The Fund's financial statements comprise three components: 1) management's discussion and analysis; 2) the Building Fund's financial statements; and 3) the performance audit required by law.

The District accounts for Proposition V & Measure L activity in the District's Building Fund (Fund 21-39). The Building Fund is a governmental fund type accounted for on a modified accrual basis of accounting that does not include fixed assets or long-term liabilities.

On November 4, 2008, the voters of the Lakeside Union School District community voted to approve Proposition V to authorize the District to issue up to $79.5 million of general obligation bonds to finance certain specified capital projects and facilities. In 2009 and 2010, the District issued two series of these bonds, in the amount of 34.8 million to fund projects. All Proposition V funds were fully spent prior to the 2019-20 fiscal year.

In November 2014, the voters approved the reauthorization of $31 million of general obligation bonds with the passage of Proposition V & Measure L. $2.9 million of Proposition V & Measure L bonds were issued in 2015 (Series A) that provided for district technology purchases. In November 2018, the district issued $15 million of Proposition V & Measure L, Series B bonds to complete facility projects.

FINANCIAL HIGHLIGHTS

- The fund balance for Proposition V & Measure L Building Fund is $11,987,415 as of June 30, 2020.
- The fund balance has decreased by $2,699,321 since June 30, 2019, as the District continues to expend bond proceeds to modernize, construct and improve its facilities.
- Revenues consisted of interest earnings only. Revenue totaled $268,740 as of June 30, 2020 as compared to $230,560 in June 2019.
- Expenditures as of June 30, 2020 totaled $2,968,061 as compared to $1,413,831 in June 2019.

Balance Sheet

The District's Proposition V & Measure L Building Fund balance as of June 30, 2020 was $11,987,415 (See Table Below).

LAKESIDE UNION SCHOOL DISTRICT
MEASURE L
GENERAL OBLIGATION BONDS
June 30, 2020

	Building Fund		Total % Change over 2018-19
	2018-19	**2019-20**	
Cash	$ 14,539,895	$ 12,119,467	-16.6%
Accounts Receivable	$ 166,518	$ 51,736	-68.9%
Total Assets	$ 14,706,413	$ 12,171,203	-17.2%
Accounts Payable	$ 19,568	$ 183,512	837.8%
Due to Other Funds	$ 109	$ 109	0.1%
Total Liabilities	$ 19,677	$ 183,621	833.2%
Fund Balance	$ 14,686,736	$ 11,987,582	-18.4%
Total Liabilities and Fund Balance	$ 14,706,413	$ 12,171,203	-17.2%

Fund Balance

The interest income reported represents funds earned on the cash held by the San Diego County Treasurer. The total expenditures of $2,968,061 are only for Proposition V & Measure L voter authorized expenses (See Table Below).

LAKESIDE UNION SCHOOL DISTRICT
MEASURE L
GENERAL OBLIGATION BONDS
June 30, 2020

	Building Fund		Total % Change over 2018-19
	2018-19	**2019-20**	
Revenues			
Interest	$ 230,560	$ 268,740	16.6%
Total revenues	**$ 230,560**	**$ 268,740**	16.6%
Expenditures			
Classified salaries	$ 5,487	$ 14,478	163.8%
Taxes and employee benefits	$ 2,999	$ 8,069	169.0%
Material and supplies	$ -	$ -	-
Services/other operating	$ 318,572	$ -	-100.0%
Capital outlay	$ 1,086,773	$ 2,945,514	171.0%
Total expenditures	**$ 1,413,831**	**$ 2,968,061**	109.9%
Other Sources (Uses)			
Proceeds for sale of bonds	$ 15,000,000	$ -	-100.0%
Interest Expense	$ -	$ -	-
Bond pricipal repayment	$ -	$ -	-
Other uses	$ 271,075	$ -	-100.0%
Total Other Sources	**$ 15,271,075**	**$ -**	-100.0%
Net Change in Fund Balance	**$ 14,087,804**	**$ (2,699,321)**	**-119.2%**
Fund Balance as of June 30	**$ 14,686,736**	**$ 11,987,415**	**-18.4%**

PROPOSITION V & MEASURE L BUILDING FUND PROJECTS - YEAR IN REVIEW

Bond proceeds are required to be expended to modernize, replace, renovate, construct, acquire, equip, furnish and otherwise improve the facilities of the Lakeside Union School District. The following expenditures were funded by the Bond Fund during the 2019-20 fiscal year:

Project Description	School Site	Expense Amount
Monitor Replacement and AppleTV Installation	Districtwide	$ (47,518)
Bond Management & Administration Costs	Districtwide	$ 147,521
Fire Alarm Replacement	Eucalyptus Hills and Winter Gardens	$ 277,182
Shade Structures	Eucalyptus Hills and Winter Gardens	$ 651,200
Roof Replacement	Lakeside Middle School	$ 248,234
Flooring replacement	Lakeside Farms	$ 458,406
HVAC Replacement	Lido Park	$ 148,754
Walkway Maintenance	Lemon Crest	$ 74,500
Security Camera Installation	Districtwide	$ 295,999
Modernization Project	Lakeside Farms	$ 19,316
Improve Existing MPR	Lindo Park	$ 12,391
Gym Modernization	Tierra Del Sol Middle	$ 201,468
Renovation	Central Kitchen	$ 216,191
Vacant Lot Improvements	Lakeside Farms	$ 69,880
Parking Lot Improvements	Districtwide	$ 194,537
Total Construction-Related Expenditures		**$ 2,968,061**

Requests for Information

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's Proposition V & Measure L Building Fund finances to demonstrate the District's accountability for the funding it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Services Department at Lakeside Union School District, 12335 Woodside Avenue, Lakeside, CA 92040, or call 619-390-2640.

Financial Statements

Lakeside Union School District
Proposition V & Measure L Building Fund (21-39)
Balance Sheet
June 30, 2020

Assets:	
Current Assets	
Cash in County Treasury	$ 12,119,467
Accounts Receivable	51,736
Total Current Assets	12,171,203
Total Assets	$ 12,171,203
Liabilities and Fund Balance:	
Current Liabilities	
Accounts Payable	$ 183,512
Due to Other Funds	276
Total Current Liabilities	183,788
Fund Balance	
Restricted for Capital Projects	11,987,415
Total Fund Balance	11,987,415
Total Liabilities and Fund Balance	$ 12,171,203

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

Lakeside Union School District
Proposition V & Measure L Building Fund (21-39)
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2020

Revenues:	
Interest Income	$ 268,740
Total Revenues	268,740
Expenditures:	
Current Expenditures:	
Classified Salaries	14,478
Employee Benefits & Payroll Taxes	8,069
Capital Outlay:	
Land Improvements	990,117
Buildings & Improvements	1,706,916
Equipment	248,481
Total Expenditures	2,968,061
Net Change in Fund Balance	(2,699,321)
Fund Balance, Beginning of Year	14,686,736
Fund Balance, End of Year	$ 11,987,415

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

A. Summary of Significant Accounting Policies

Lakeside Union School District Proposition V & Measure L Building Fund (21-39), hereinafter referred to as the "Bond Fund", accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

1. Reporting Entity

The Bond Fund was formed to account for renovation of schools for Lakeside Union School District (District), through expenditures of general obligation bonds issued under Proposition V, authorized by registered voters on November 4, 2008, and Measure L which reauthorized remaining amounts under Proposition V by authorized voters November 4, 2014.

The Bond Fund operates under a locally selected Citizens' Oversight Committee comprised of seven members formed in accordance with the Local School Construction Bonds Act of 2000, at Section 15264 *et seq.* of the Education Code, Proposition 39. The reporting entity consists only of the Bond Fund of the District. These financial statements are intended to present only the financial position and results of operations of the Bond Fund in conformity with accounting principles generally accepted in the United States of America, and accordingly do not present the financial position and results of operations of the District.

2. Basis of Accounting – Measurement Focus

Bond Fund. The bond fund is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Bond Fund considers all revenues reported in the fund to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of interest earned. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

3. Encumbrances

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

4. Budgets and Budgetary Accounting

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

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

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

5. Revenues and Expenses

a. Revenues – Exchange and Non-Exchange

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

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

b. Expenditures

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

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

a. Deposits and Investments

Cash balances held in banks and in revolving funds are insured to $250,000 by the Federal Depository Insurance Corporation (FDIC). The Bond Fund does not have any cash held in banks or revolving fund. Highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

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

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

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

b. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds of the District. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

c. Fund Balances – Governmental Funds

Fund balances of the Bond Fund are classified as follows:

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

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

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

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

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

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

d. Deferred Inflows and Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement numbers 63 and 65. There are no deferred outflows or deferred inflows reported in the Bond Fund; however, there are disclosures related to Pension and OPEB that include deferred outflows and deferred inflows of resources associated with the salaries charged to the Bond Fund.

e. Pensions

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

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

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

f. Postemployment Benefits Other than Pensions (OPEB)

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

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

Valuation Date	December 31, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

7. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

8. Fair Value Measurements

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

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

9. New Accounting Pronouncements

The District has adopted accounting policies compliant with new pronouncements issued by the Government Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2020. Those newly implemented pronouncements are as follows:

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

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

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

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

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

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

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

B. Compliance and Accountability

1. Finance Related Legal and Contractual Provisions

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

Violation	Action Taken
None Reported	Not Applicable

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

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

Fund Name	Deficit Amount	Remarks
None	Not Applicable	Not Applicable

C. Fair Value Measurements

The Bond Fund's investments at June 30, 2020, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

		Fair Value Measurement Using		
	Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
External investment pools measured at fair value				
San Diego County Treasury	$ 12,119,467	$ -	$ 12,119,467	$ -
Total investments by fair value level	$ 12,119,467	$ -	$ 12,119,467	$ -

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

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

D. Cash and Investments

1. Cash in County Treasury

In accordance with Education Code §41001, the Bond Fund maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool ($12,119,467 as of June 30, 2020). The fair value of the Bond Fund's portion of this pool as of that date, as provided by the pool sponsor, was $12,119,467. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

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

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

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

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

At June 30, 2020, credit risk for the Bond Fund's investments was as follows:

Investment Type	Rating	Rating Agency	Amount
County Treasurer's Investment Pool	Unrated	Not Applicable	$ 12,119,467

b. Custodial Credit Risk

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

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

At June 30, 2020, the Bond Fund was not exposed to custodial credit risk.

c. Concentration of Credit Risk

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

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Bond Fund maintains pooled investments with the San Diego County Treasury with a fair value of $12,119,467. The average weighted maturity for this pool was 516 days at June 30, 2020.

e. Foreign Currency Risk

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

4. Investment Accounting Policy

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

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

E. Accounts Receivable

There are no significant receivables which are not scheduled for collection within one year of year end. Accounts receivable balances as of June 30, 2020 consisted of:

Local Sources		
Interest	$	51,736
Total Accounts Receivable	$	51,736

F. Accounts Payable

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

Vendors Payable	$	183,277
Payroll and Benefits		235
Total Accounts Payable	$	183,512

G. Interfund Balances & Activities

1. Due to and From Other Funds

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

Interfund Receivable (Due From Other Funds)	Interfund Payable (Due To Other Funds)	Amount	Purpose
General Fund	Bond Fund	$ 276	OPEB Allocation

2. Transfers to and From Other Funds

The Bond Fund did not have any transfers to and from other funds during the fiscal year ended June 30, 2020.

H. Short Term Debt Activity

The Bond Fund accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as other financing sources. The Bond Fund did not issue any short-term debt during the fiscal year ended June 30, 2020.

I. General Obligation Bonds

The Bond Fund's bonded debt consists of various issues of general obligation bonds that are generally callable with interest payable semiannually. Bond proceeds pay primarily for acquiring or constructing capital facilities. The Bond Fund repays general obligation bonds from voter-approved property taxes which are collected by the County Treasurer and deposited into the Bond Interest and Redemption Fund, which is not included in this report.

On November 4, 2008, registered voters authorized the issuance of $79,550,000 principal amount of general obligation bonds under Proposition V. On November 4, 2014, registered voters re-authorized $31,000,000 principal amount of general obligation bonds under Measure L. Of the amounts authorized and allowed by law, $13,100,000 remains unissued under Measure L.

General obligation bonds at June 30, 2020 consisted of the following:

	Date of Issue	Interest Rate	Maturity Date	Amount of
2008 Election, Series A	04/23/09	3.00 - 6.03%	08/01/33	$ 21,833,149
2008 Election, Series B	10/07/10	6.14 - 6.49%	08/01/50	12,982,209
2015 Refunding Bonds	06/09/15	2.00 - 4.00%	08/01/35	6,185,000
2016 Refunding Bonds	11/02/16	2.00 - 5.00%	08/01/33	17,815,000
2014 Election, Series B	11/15/18	4.00 - 5.75%	08/01/45	15,000,000
Total				$ 73,815,358

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
2008 Election, Series A					
Principal	$ 2,408,149	$ -	$ 625,000	$ 1,783,149	$ -
Premium	69,804	-	18,117	51,687	-
Accreted Interest	1,968,349	314,019	-	2,282,368	-
2008 Election, Series B					
Principal	10,690,031	-	-	10,690,031	-
Premium	278,829	-	-	278,829	-
Accreted Interest	7,359,707	1,174,802	-	8,534,509	-
2015 Refunding Bonds					
Principal	5,910,000	-	60,000	5,850,000	50,000
Discount	(76,784)	-	(779)	(76,005)	(650)
2016 Refunding Bonds					
Principal	17,455,000	-	-	17,455,000	500,000
Premium	1,898,722	-	-	1,898,722	54,389
2014 Election Series B				-	
Principal	15,000,000	-	990,000	14,010,000	505,000
Premium	957,376	-	63,187	894,189	32,232
Total	$ 63,919,183	$ 1,488,821	$ 1,755,525	$ 63,652,479	$ 1,140,971

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

Year Ended June 30,	Principal	Interest	Accreted Interest	Total
2021	$ 1,055,000	$ 1,528,762	$ -	$ 2,583,762
2022	1,150,000	1,474,406	-	2,624,406
2023	775,000	1,426,794	-	2,201,794
2024	1,005,000	1,383,494	-	2,388,494
2025	860,152	1,352,744	819,848	3,032,744
2026-2030	7,612,997	6,327,418	3,117,003	17,057,418
2031-2035	17,158,545	3,560,736	2,766,455	23,485,736
2036-2040	8,119,152	1,768,975	18,155,848	28,043,975
2041-2045	7,243,797	821,800	14,412,771	22,478,368
2046-2050	4,181,542	26,300	27,556,831	31,764,673
2051-2055	626,995	-	7,348,005	7,975,000
Total	$ 49,788,180	$ 19,671,427	$ 74,176,761	$ 143,636,368

Accreted Interest

Amounts represented in the repayment schedule for accreted interest are reflective of 100% of amounts to be repaid. Amounts represented as accreted interest in the debt summary are reflective of amounts that have accrued as of June 30, 2020.

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

Premium/Discount

Bond premium arises when the market rate of interest is higher than the stated interest rate on the bond. Bond discount arises when the market rate of interest is lower than the stated interest rate on the bond. Generally Accepted Accounting Principles (GAAP) require that the premium increase the face value of the bond and the discount decrease the face value of the bond. The premium and discount are then amortized over the life of the bond using the economic interest method.

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

	2008 Election Series A	2008 Election Series B	2015 Refunding	2016 Refunding	2014 Election Series B
Total Interest Payments	$ 23,929,697	$ 79,073,622	$ 3,328,219	$ 8,717,336	$ 11,652,125
Bond (Premium)/Discount	(846,769)	(338,737)	80,353	(1,937,882)	(957,376)
Net Interest Payments	23,082,928	78,734,885	3,408,572	6,779,454	10,694,749
PAR Amount of Bonds	21,833,149	12,982,209	6,185,000	17,815,000	15,000,000
Periods	21	38	20	15	26
Effective Interest Rate	5.03%	15.96%	2.76%	2.54%	2.74%

J. Pension Plans

1. General Information about the Pension Plans

a. Plan Descriptions

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS). The Bond Fund only reports classified salaries; and therefore the provisions of the CalPERS Plan are presented in these note disclosures. Benefit provisions under the Plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on their website.

b. Benefits Paid

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

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

	CalPERS	
	Before	After
Hire Date	Jan. 1, 2013	Jan. 1, 2013
Benefit Formula	2% at 55	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	50-62	52-67
Monthly Benefits as a % of Eligible Compensation	1.1 - 2.5%	1.0 - 2.5%*
Required Employee Contribution Rates (at June 30, 2020)	7.000%	7.000%
Required Employer Contribution Rates (at June 30, 2020)	19.721%	19.721%

*Amounts are limited to 120% of Social Security Wage Base.
**The rate imposed on CalPERS 2% at 62 members is based on the normal cost of benefits.

c. Contributions

CalPERS

California Public Employees' Retirement Law §20814(c) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. For the fiscal year ended June 30, 2020 (measurement date June 30, 2019), the employee contribution rate was 7.00% and the employer contribution rate was 19.721% of covered payroll.

d. Contributions Recognized

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

Fund Financial Statements (Current Financial Resources Measurement Focus)		
	District Share CalPERS	Bond Fund Share CalPERS
Contributions - Employer	$ 1,862,866	$ 2,851

Government-Wide Financial Statements (Economic Resources Measurement Focus)		
	District Share CalPERS	Bond Fund Share CalPERS
Contributions - Employer	$ 1,318,445	$ 2,018

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

As of June 30, 2019 (measurement date) the District and Bond Fund reported net pension liabilities for its proportionate share of the net pension liability of the plan as follows:

	District Proportionate Share of the Net Pension Liability	Bond Fund Proportionate Share of the Net Pension Liability
CalPERS	$ 17,832,202	$ 27,291

The District and Bond Fund's net pension liability for the Plan is measured as the proportionate share of the total net pension liability. The net pension liability of the Plan is measured as of June 30, 2019. The total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to measurement date June 30, 2019 using standard update procedures. The District and Bond Fund's proportion of the net pension liability was based on a projection of the District and Bond Fund's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, as actuarially determined.

The District and Bond Fund's proportionate share of the net pension liability for the Plan as of June 30, 2019 and June 30, 2020 were as follows:

	District's Proportionate Share	Bond Fund's Proportionate Share
Proportion June 30, 2019	0.0637%	0.0001%
Proportion June 30, 2020	0.0612%	0.0001%
Change in Proportion	-0.0025%	0.0000%

a. Pension Expense

	District Share of Pension Expense	Bond Fund Share of Pension Expense
Change in Net Pension Liability (Asset)	$ 856,575	$ 1,311
State On Behalf Pension Expense	-	-
Employer Contributions to Pension Expense	1,862,866	2,851
(Increase) Decrease in Deferred Outflows of Resources	321,747	492
Increase (Decrease) in Deferred Inflows of Resources	554,232	848
Total Pension Expense	$ 3,595,420	$ 5,502

b. Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources	
	District Share	Bond Fund Share
Pension contributions subsequent ot measurement date	$ 1,862,866	$ 2,851
Differences between actual and expected experience	1,585,108	2,426
Changes in assumptions	1,401,888	2,146
Changes in employer's proportionate share	101,084	155
Total Deferred Outflows of Resources	$ 4,950,946	$ 7,578

	Deferred Inflows of Resources	
	District Share	Bond Fund Share
Changes in employer's proportionate share	$ (909,855)	$ (1,392)
Net difference between projected and actual earnings	(192,525)	(295)
Total Deferred Inflows of Resources	$ (1,102,380)	$ (1,687)

Pension contributions made subsequent to the measurement date reported as deferred outflows of resources will be recognized as a portion of pension expense in the year ended June 30, 2020. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a five to seven year period. Pension expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

	District Share			Bond Fund Share		
Year Ended June 30,	Deferred Outflows	Deferred Inflows	Net Effect on Pension Expense	Deferred Outflows	Deferred Inflows	Net Effect on Pension Expense
2021	$ 3,115,060	$ (110,751)	$ 3,004,309	$ 4,767	$ (169)	$ 4,598
2022	1,200,293	(602,644)	597,649	1,837	(922)	915
2023	464,421	(303,557)	160,864	711	(465)	246
2024	171,172	(85,428)	85,744	263	(131)	132
Total	$ 4,950,946	$ (1,102,380)	$ 3,848,566	$ 7,578	$ (1,687)	$ 5,891

c. Actuarial Assumptions

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

	CalPERS
Fiscal Year	June 30, 2020
Measurement Date	June 30, 2019
Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Wage Growth	(1)
Investment Rate of Return	7.15%
Post Retirement Benefit Increase	(2)
Mortality	(3)

(1) Wage growth is a component of inflation for CalPERS assumptions.

(2) CalPERS post retirement benefit increases assumes 2.00% until PPPA floor on purchasing power applies, 2.50% thereafter.

(3) CalPERS mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the Society of Actuaries 90% of scale MP-2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

d. Discount Rate

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

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

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

CalPERS is scheduled to review actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle. CalPERS completed their ALM in 2018 with new policies in effect on July 1, 2018. CalPERS conducts new ALM's every 4 years.

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

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

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

CalPERS

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

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

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

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

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

The following represents the District's and Bond Fund's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's and Bond Fund'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:

	District Share of CalPERS Net Pension Liability	Bond Fund Share of CalPERS Net Pension Liability
1% Decrease	6.15%	6.15%
Net Pension Liability	$ 24,715,701	$ 37,826
Current Discount Rate	7.15%	7.15%
Net Pension Liability	$ 17,832,202	$ 27,291
1% Increase	8.15%	8.15%
Net Pension Liability	$ 10,554,127	$ 16,152

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

CalPERS

	District Share of Net Pension Liability Increase (Decrease)			Bond Fund Share of Net Pension Liability Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2019						
(Previously Reported)	$ 58,229,383	$ 41,253,756	$ 16,975,627	$ 89,116	$ 63,136	$ 25,980
Changes for the year:						
Change in prop. share	(2,269,105)	(1,607,592)	(661,513)	(3,473)	(2,460)	(1,013)
Service cost	1,362,488	-	1,362,488	2,085	-	2,085
Interest	4,015,968	-	4,015,968	6,146	-	6,146
Difference between expected and actual experience	855,867	-	855,867	1,310	-	1,310
Change in assumptions	-	-	-	-	-	-
Contributions:						
Employer	-	1,546,614	(1,546,614)	-	2,367	(2,367)
Employee	-	620,469	(620,469)	-	950	(950)
Plan to plan res. movement	-	186	(186)	-	-	-
Net Investment income	-	2,577,118	(2,577,118)	-	3,944	(3,944)
Benefit payments, including refunds of employee contributions	(2,660,016)	(2,660,016)	-	(4,071)	(4,071)	-
Administrative expenses	-	(28,243)	28,243	-	(43)	43
Other expenses	-	91	(91)	-	(1)	1
Net changes	1,305,202	448,627	856,575	1,997	686	1,311
Balance at June 30, 2020	$ 59,534,585	$ 41,702,383	$ 17,832,202	$ 91,113	$ 63,822	$ 27,291

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports available on their website.

K. Postemployment Benefits Other than Pension Benefits (OPEB)

1. Plan Description

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

Certificated Employees

The District offers retiree medical including prescription drug benefits to eligible retirees and their eligible dependents to the retiree's attainment of age 65. Eligibility for retiree medical benefits requires retirement under CalSTRS on or after age 55 with at least 15 years of District eligible service.

The District's contribution for eligible employees who retired before January 1, 2018 is an amount equal to the premium for retiree only subject to a maximum, which is equivalent to the cost of the employee only health coverage under the most expensive HMO health plan offered by the District annually. The District's contribution for eligible employees who retire on or after January 1, 2018 is an amount equal to the premium for retiree only subject to a maximum, which is equivalent to the cost of the employee only health coverage under the UHC Network 1 health plan offered by the District annually. The District does not provide any financial contribution for coverage beyond age 65. Retirees can elect dependent medical and dental coverage on a self-paid basis. Spouse coverage ceases upon the death of the retiree. The District does not provide any financial contribution for coverage beyond age 65. Retirees can elect dependent medical coverage and additional dental coverage on a self-paid basis. Spouse coverage ceases upon death of the retiree.

The Bond Fund does not have any certificated employees paid by the fund.

Classified Employees

The District offers retiree medical including prescription drug benefits to eligible retirees to the retirees' attainment of age 65. For employees hired before September 11, 2014, eligibility for retiree medical requires retirement under CalPERS on or after age 55 with at least 10 years of District eligible service. For employees hired on or after September 11, 2014, eligibility for retiree medical benefits requires retirement under CalPERS on or after age 55 with at least 15 years of District eligible service.

The District's contribution for eligible employees who retire on or before December 31, 2019 is an amount equal to the retiree only premium up to the most expensive HMO that is available to bargaining unit members. The District's contribution for eligible employees who retire on or after January 1, 2020 is an amount equal to the premium for retiree only subject to a maximum, which is $7,740. The District does not provide any financial contribution for coverage beyond age 65. Retirees can elect dependent medical and dental coverage on a self-paid basis, except for four classified retirees who are grandfathered in for District paid dental coverage. Spouse coverage ceases upon death of the retiree.

The Bond Fund pays for a portion of one classified employees salary.

Management Employees

The District offers retiree medical including prescription drug benefits to eligible retirees and their eligible dependents to the retirees' attainment of age 65. There are some management employees with lifetime medical coverage and/or some life insurance coverage. Eligibility for retiree medical benefits requires retirement under CalSTRS or CalPERS at minimum age of 55 with at least 10 years of District eligible service.

The District's contribution is 100% of the retiree-only medical premium. The District does not provide any financial contribution for coverage beyond age 65 for retirees without lifetime coverage. Retirees can elect dependent medical and dental coverage on a self-paid basis, except for three management retirees who are grandfathered in for District-paid dental coverage. Spouse coverage ceases upon the death of the retiree.

The Bond Fund does not pay salaries for any management employees.

Premium Rates

The District participates in the Southern California Schools VEBA. The VEBA is considered a community-rated plan. Premium rates may vary by plans selected, coverage tier and Medicare eligibility. In general, the District currently offers the Kaiser and United Healthcare (UHC) HMO Plans. The District also offers two dental plans through Delta Dental, including a PPO and an HMO plan.

The premiums billed for retiree medical coverage under age 65 are the same as those for COBRA medical coverage without the 2% administration fee. Thus, the District is providing a "rate subsidy" to the retirees based on the blended rate. GASB requires that when an employer provides benefits to both active employees and retirees through the same plan, the benefits to retirees should be segregated and measured independently. This requires valuing any "rate subsidy" as an additional financial obligation to the District. The following table summarizes the current monthly funding rates for health coverages that are applicable to the District's retired employees. The medical premiums are monthly rates, and the dental premiums are tenthly rates. The rates are effective January 1, 2020 through December 31, 2020.

	Kaiser HMO	UHC Network 1 HMO	UHC Network 2 HMO	UHC Alliance HMO	UHC Harmony 10$	Dental PPO
Retiree Only (Under 65)	$ 633.00	$ 720.00	$ 935.00	$ 758.00	$ 678.00	$ 37.34
Retiree Plus Spouse	$ 1,249.00	$ 1,422.00	$ 1,853.00	$ 1,428.00	$ 1,337.00	$ 69.67
Retiree Only (65+ with Medicare)	$ 273.00	$ 466.00	$ 545.00	N/A	$ 1,877.00	$ 37.34

Employees Covered by Benefit Terms

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

Inactive plan members or beneficiaries currently receiving benefits	84
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	488
Total	572

Contributions

The District makes contributions to the Plan on a pay-as-you-go basis at 100% of the premium for certificated employees and classified employees to maximum amounts as noted above plus an amount the District determines to contribute to the CERBT Trust. For the fiscal year ended June 30, 2020 the District made 100% of premium payments.

2. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Fiscal Year	July 1st to June 30th
Valuation Date	December 31, 2019
Measurement Date	June 30, 2020
Funding Policy	The District does not currently have a pre-funding policy or practice for additional prefunding but also does not reimburse for its current retiree payments from the Trust. The projection of cash flows used to determine the discount rate assumed that no future pre-funding contributions are made to the Trust. The District is currently paying premiums on a pay-as-you-go basis.
Asset Return:	7% per annum; assumes the District invests in the CERBT asset allocation Strategy 1 with a margin for adverse deviation.
Discount Rate	2.45% per annum. The discount rate is a blended rate between the rate of return at 7.0% and 2.45%, the resulting rate using the average of 3-20 year municipal bond rate indices: S%P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO Index, and Fidelity GO AA 20 Year Bond Index.
Inflation	2.75% per annum

Salary Increases — 3.00% per annum, in aggregate

Pre-retirement Turnover — According to the termination rates under the 2017 experience studies for the CalPERS and CalSTRS pension plans.

Mortality Rates — Based on SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019 for CalPERS employees and the SOA Pub-2010 Teachers Headcount Weighted Mortality Table fully generational using Scale MP-2019 for CalSTRS employees.

Retirement Rates — Based upon the following table:

	Percent Retiring*	
Age	Classic	PEPRA
55	25.0%	20.0%
56	10.0%	7.5%
57	10.0%	10.0%
58	10.0%	10.0%
59	15.0%	15.0%
60	15.0%	15.0%
61	20.0%	15.0%
62	35.0%	25.0%
63	35.0%	25.0%
64	35.0%	25.0%
65	45.0%	35.0%
66	35.0%	30.0%
67	30.0%	30.0%
68	30.0%	30.0%
69	30.0%	30.0%
70	100.0%	100.0%

*Of those having met eligibility to receive District paid OPEB benefits. The percentage refers to the probability that an active employee who has reached the stated age will retire within the following year.

Participation Rates — 95% of active employees meeting eligibility requirements are assumed to elect retiree health coverage at retirement. Future retirees are assumed to elect medical and dental plan based on current retirees.

Spousal Coverage: — Since the retiree pays 100% of the cost for spouse coverage, spouse coverage is not explicitly valued. For the implicit subsidy estimate, 20% of future retirees electing coverage are assumed to elect coverage for their spouse.

Claim Cost Development

The valuation claim costs are based on the premiums paid for medical, dental and vision insurance coverage. The District participates in community-rated plans for their medical insurance, a community rated plan. The valuation includes an estimate of the impact of including the implied rate subsidy for the pooling of the active and non-Medicare retirees under the medical plans. Since no claims or demographic information was provided by the VEBA either specific to the District or for the entire pool, age factors for similarly situated California health plans were used to adjust the medical premium rates to determine expected retiree costs.

Age	Kaiser HMO	UHC Network 1 HMO
50 - 54	$ 8,280	$ 9,418
55 - 59	$ 9,875	$ 11,232
60 - 64	$ 11,090	$ 12,614

Medical Trend Rates

Medical costs are adjusted in future years by following trends based on a combination of the 2017 CalPERS experience study, national trend surveys, and professional judgment:

Year	Medical Trend Rate	Year	Dental Trend Rate
2020	6.50%	2019+	4.00%
2021	6.25%		
2022	6.00%		
2023	5.75%		
2024	5.50%		
2025	5.25%		
2026	5.00%		
2027	4.75%		
2028	4.50%		
2029+	4.50%		

Actuarial Cost Method

The actuarial cost method used to determine the allocation of the retiree health actuarial liability to the past (accrued), current and future periods is the Entry Age Normal (EAN) cost method. The EAN cost method is a projected benefit cost method which means the cost is based on the projected benefit expected to be paid at retirement.

The EAN normal cost equals the level annual amount of contribution from the employee's date of hire (entry date) to their retirement date that is sufficient to fund the projected benefit. As required by GASB 75, the normal cost is calculated to remain level as a percentage of pay. The EAN actuarial accrued liability equals the present value of all future benefits for retired and current employees and their beneficiaries less the portion expected to be funded by future normal costs.

Actuarial Value of Assets

Assets of the Plan are valued on the market value basis

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan's target asset allocation as of June 30, 2020 are summarized in the following Table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Global Equity	59.00%	5.50%
Global Debt Securities	25.00%	2.35%
Inflation Assets	5.00%	1.50%
Commodities	3.00%	1.75%
REITs	8.00%	3.65%
Total	100.00%	

Long-term expected rate of return is 7.00%.

Concentrations

The Plan holds investments explicitly in the CERBT Strategy 1 portfolio which represents an amount greater than 5% of the Plan's fiduciary net position.

3. Total OPEB Liability of the Plan

The District's total OPEB liability was measured as of June 30, 2020, and was determined by an actuarial valuation as of December 31, 2019.

Changes in the Net OPEB Liability

	District Share of Net OPEB Liability			Bond Fund Share of Net OPEB Liability		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2019	$14,831,525	$ 635,165	$14,196,360	$ 6,872	$ 294	$ 6,578
Changes for the year:						
Service cost	988,909	-	988,909	458	-	458
Interest	484,645	-	484,645	225	-	225
Changes in benefit terms	(97,284)	-	(97,284)	(45)	-	(45)
Differences between expected and actual experience	1,014,721	-	1,014,721	470	-	470
Changes in assumptions	685,182	-	685,182	317	-	317
Contributions - Employer	-	869,731	(869,731)	-	403	(403)
Net investment income	-	22,702	(22,702)	-	11	(11)
Benefit payments	(869,731)	(869,731)	-	(403)	(403)	-
Administrative expenses	-	(547)	547	-	-	-
Net Changes	2,206,442	22,155	2,184,287	1,022	10	1,012
Balance at June 30, 2020	$17,037,967	$ 657,320	$16,380,647	$ 7,894	$ 304	$ 7,590

Sensitivity of the total OPEB liability to changes in the Discount Rate

The following presents the total OPEB liability of the District and Bond Fund, as well as what the District and Bond Funds's total OPEB 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 discount rate:

	1% Decrease (1.45%)	Current Discount Rate (2.45%)	1% Increase (3.45%)
Net OPEB Liability - District Share	$17,662,742	$16,380,647	$15,176,093
Net OPEB Liability - Bond Fund Share	$ 8,184	$ 7,590	$ 7,032

Sensitivity of the total OPEB liability to changes in the health care cost trend rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Medical Cost Trends Rate	1% Increase
	5.50% Decreasing to 3.50%	6.50% Decreasing to 4.50%	7.50% Decreasing to 5.50%
Net OPEB Liability - District Share	$ 14,555,764	$ 16,380,647	$ 18,543,033
Net OPEB Liability - Bond Fund Share	$ 6,744	$ 7,590	$ 8,592

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

For the year ended June 30, 2020, the District recognized OPEB expense of $1,660,348. The Bond Fund's share of the OPEB expense for the year ended June 30, 2020 was $769. At June 30, 2020 the District and Bond Fund reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	District Share		Bond Fund Share	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 901,974	$ -	$ 418	$ -
Changes of assumptions	863,620	(56,254)	400	(26)
Differences between projected and actual earnings	19,232	-	9	-
Total	$ 1,784,826	$ (56,254)	$ 827	$ (26)

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

	District Share			Bond Fund Share		
Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Effect on OPEB Expense	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Effect on OPEB Expense
2021	$ 244,754	$ (14,064)	$ 230,690	$ 113	$ (7)	$ 106
2022	244,754	(14,064)	230,690	113	(7)	106
2023	244,752	(14,064)	230,688	113	(6)	107
2024	244,140	(14,062)	230,078	113	(6)	107
2025	239,791	-	239,791	111	-	111
Thereafter	566,635	-	566,635	264	-	264
Total	$ 1,784,826	$ (56,254)	$ 1,728,572	$ 827	$ (26)	$ 801

L. Commitments and Contingencies

1. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the Bond Fund as of June 30, 2020.

2. Construction Commitments

As of June 30, 2020, the Bond Fund had the following with respect to construction commitments:

Construction in Process:	Commitment	*Expected Date of Final Completion
745 - DW Video Surveillance	$ 19,378	January 2021
746 - Lakeside Farms Modernization	268,369	February 2022
747 - Lakeside Farms Parking Lot	79,285	February 2021
748 - Lindo Park MPR	324,109	February 2022
749 - TDS Gym Modernization	1,967,378	January 2022
750 - Central Kitchen Remodel	583,240	October 2020
753 - District Wide Parking Lots	1,155,634	October 2020
754 - TDS MPR Modernization	150,911	September 2021

* Expected date of final completion subject to change

M. Upcoming Accounting Guidance

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

Description	Date Issued	Fiscal Year Effective
GASB Statement 84, Fiduciary Activities	01/2017	2020-21
GASB Statement 87, Leases	06/2017	2021-22
GASB Statement 89, Accounting for Interest Cost Incurred before the End of a Construction Period	06/2018	2021-22
GASB Statement 90, Majority Equity Interest – an amendment of GASB Statements 14 and 61	08/2018	2020-21
GASB Statement 91, Conduit Debt Obligations	05/2019	2022-23
GASB Statement 92, Omnibus 2020	01/2020	2021-22
GASB Statement 93, Replacement of Interbank Offered Rates	03/2020	2020-21
GASB Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements	03/2020	2022-23
GASB Statement 96, Subscription-Based Information Technology Arrangements	05/2020	2022-23
GASB Statement 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements 14, 84 and supersession of GASB Statement 32	06/2020	2021-22
GASB Implementation Guide No. 2019-1, Implementation Guidance Update – 2019	04/2019	2020-21
GASB Implementation Guide No. 2019-2, Fiduciary Activities	06/2019	2020-21
GASB Implementation Guide No. 2019-3, Leases	08/2019	2021-22
GASB Implementation Guide No. 2020-1, Implementation Guidance Update – 2020	04/2020	2021-22

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

Required Supplementary Information

Lakeside Union School District Proposition V & Measure L Building Fund (2139)

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

Last Ten Fiscal Years*

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Bond Fund's proportion of the net pension liability (asset)	0.0001%	0.0001%	0.0001%	0.0002%	0.0009%	0.0012%	N/A	N/A	N/A	N/A
Bond Fund's proportionate share of the net pension liability (asset)	$ 7,590	$ 6,578	$ 8,833	$ 47,275	$ 137,040	$ 136,212	N/A	N/A	N/A	N/A
Bond Fund's covered payroll**	$ 30,378	$ 5,145	$ 4,702	$ 28,986	$ 103,390	$ 126,961	N/A	N/A	N/A	N/A
Bond Fund's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	24.99%	127.86%	187.86%	163.10%	132.55%	107.29%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	70.05%	70.85%	71.87%	73.90%	79.43%	83.38%	N/A	N/A	N/A	N/A

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

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

Lakeside Union School District Proposition V & Measure L Building Fund (21-39)

Schedule of the Bond Fund's Contributions - CalPERS

Last Ten Fiscal Years*

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	$ 2,851	$ 5,487	$ 799	$ 653	$ 3,434	$ 12,170	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(2,851)	(5,487)	(799)	(653)	(3,434)	(12,170)	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	N/A	N/A	N/A	N/A
Bond Fund's covered payroll**	$ 14,456	$ 30,378	$ 5,145	$ 4,702	$ 28,986	$ 103,390	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%	N/A	N/A	N/A	N/A

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

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

Lakeside Union School District Proposition V & Measure L Building Fund (21-39)

Schedule of Changes in the Bond Fund's Net OPEB Liability and Related Ratios – LUSD Retiree Health Benefit Plan
Last Ten Fiscal Years*

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total OPEB liability:										
Service cost	$ 458	$ 433	$ 419	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest	225	270	223	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes of benefit terms	(45)	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Differences between expected				N/A	N/A	N/A	N/A	N/A	N/A	N/A
and actual experience	470	(99)	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	317	132	(46)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(403)	(397)	(384)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	1,022	339	212	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	6,872	6,533	6,321	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	$ 7,894	$ 6,872	$ 6,533	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position:										
Contributions - employer	$ 403	$ 443	$ 616	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net investment income	11	16	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(403)	(397)	(384)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(1)	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in plan fiduciary net position	10	62	232	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position - beginning	294	232	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position - ending	$ 304	$ 294	$ 232	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB liability	$ 7,590	$ 6,578	$ 6,301	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered payroll	$ 14,456	$ 30,378	$ 5,145	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB liability as a percentage of covered payroll	52.50%	21.65%	122.48%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

Schedule of Investment Returns – LUSD Retiree Health Benefit Plan
Last Ten Fiscal Years*

Year	Annual Money-Weighted Rate of Return, Net of Investment Expense
2020	6.5%
2019	7.3%
2018	7.2%
2017	10.0%
2016	1.6%
2015	N/A
2014	N/A
2013	N/A
2012	N/A
2011	N/A

*This schedule is presented to illustrate the requirement to show information for ten years; however, until a full ten-year trend is compiled, OPEB plans should present for those years for which information is available.

N/A – The money-weighted rate of return, net of investment expenses, is not available for these periods.

Schedule of Bond Fund's Proportionate Share – CalPERS

1. Benefit Changes: There were no changes to benefits in 2015, 2016, 2017, 2018, 2019 and 2020.

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

Schedule of Bond Fund's Contributions – CalPERS

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

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

Reporting Period	June 30, 2018	June 30, 2019	June 30, 2020
Measurement Date	06/30/17	06/30/18	06/30/19
Valuation Date	06/30/16	06/30/17	06/30/18
Experience Study	07/01/97 - 06/30/11	07/01/97 - 06/30/15	07/01/97 - 06/30/15
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.15%	7.50%	7.50%
Consumer Price Inflation	2.75%	2.50%	2.50%
Wage Growth (Average)	3.00%	3.00%	3.00%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple

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

Schedule of Changes in the Bond Fund's Total OPEB Liability and Related Ratios

1) Benefit Changes: There were no changes to benefit terms for the 2018 or 2019 fiscal years. During the 2020 fiscal year benefits were changed based on updated bargaining agreements.

2) Changes in Assumptions: In 2019 the discount rate changed from 3.35% to 3.22%. In 2020 the discount rate changed from 3.22% to 2.45%. There have been no additional changes in assumptions.

3) The following are the discount rates used for each period:

Year	Discount Rate
2018	3.35%
2019	3.22%
2020	2.45%

Supplementary Information

Lakeside Union School Bond Fund Proposition V & Measure L Building Fund

General Obligation Bonds Project List
Year Ended June 30, 2020

Bond proceeds are required to be expended to modernize, replace, renovate, construct, acquire, equip, furnish and otherwise improve the facilities of the Lakeside Union School District. The Bond Fund expended on the following projects during the 2019-20 fiscal year:

Project Description	School Site	2019-20 Expenditures
Monitor Replacement and AppleTV Installation	District Wide	$ (47,518)
Bond Management & Administrative Costs	District Wide	147,521
Fire Alarm Replacement	Eucalyptus Hills & Winter Gardens	277,182
Shade Structures	Eucalyptus Hills & Winter Gardens	651,200
Roof Replacement	Lakeside Middle School	248,234
Flooring Replacement	Lakeside Farms	458,406
HVAC Replacement	Lindo Park	148,754
Walkway Maintenance	Lemon Crest	74,500
Security Camera Installation	District Wide	295,999
Modernization Project	Lakeside Farms	19,316
Improve Existing MPR	Lindo Park	12,391
Gym Modernization	Tierra Del Sol Middle	201,468
Renovation	Central Kitchen	216,191
Vacant Lot Improvements	Lakeside Farms	69,880
Parking Lot Improvements	District Wide	194,537
	Total Bond Fund Expenditures	**$ 2,968,061**

Other Independent Auditors’ Reports

WILKINSON HADLEY
KING & CO. LLP
CPAS AND ADVISORS
El Cajon, CA | Berkeley, CA

Brian K. Hadley, CPA
Aubrey W. Mann, CPA
Kevin A. Sproul, CPA

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

To the Citizens' Oversight Committee
Lakeside Union School District
Proposition V & Measure L Building Fund (21-39)
Lakeside, 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 Lakeside Union School Bond Fund Proposition V & Measure L Building Fund (Bond Fund), which comprise the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Lakeside Union School Bond Fund Proposition V & Measure L Building Fund's basic financial statements, and have issued our report thereon dated March 10, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lakeside Union School Bond Fund Proposition V & Measure L Building Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lakeside Union School Bond Fund Proposition V & Measure L Building Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of Lakeside Union School Bond Fund Proposition V & Measure L Building Fund'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 detected.

Compliance and Other Matters

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

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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 Bond Fund'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 Bond Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilkinson Hadley King & Co LLP

El Cajon, California
March 10, 2021

WILKINSON HADLEY
KING & CO. LLP
CPAS AND ADVISORS
El Cajon, CA | Berkeley, CA

Brian K. Hadley, CPA
Aubrey W. Mann, CPA
Kevin A. Sproul, CPA

Independent Auditor's Report on Performance

To the Citizens' Oversight Committee
Lakeside Union School District
Proposition V & Measure L Building Fund (21-39)
Lakeside, California

We were engaged to conduct a performance audit of the Lakeside Union School District Proposition V and Measure L Building Fund (21-39), herein after referred to as the Bond Fund, for the year ended June 30, 2020.

Management's Responsibility for Performance Compliance

Our audit was limited to the objectives listed with the report which includes the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIIIA, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the District's compliance with those requirements.

Auditor's Responsibility

Our responsibility is to express an opinion on performance based on our audit. We conducted this performance audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Appendix A of the 2019-20 Guide for Annual Audits of K-12 Local Education Agencies*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusions based on our audit objectives.

In planning and performing our performance audit, we obtained an understanding of the District's internal controls over the Bond Fund and related construction projects in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39, but not for the purpose of expressing an opinion on the effectiveness of the Bond Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bond Fund's internal control.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our findings and conclusions based upon the audit objectives.

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Objectives, Scope, & Methodology of the Audit

In connection with our performance audit, we performed an audit for compliance as required in the performance requirements set forth in Proposition V and Measure L as approved by registered voters for the fiscal year ended June 30, 2020. The objective of the audit of compliance applicable to the Bond Fund is to determine with reasonable assurance that:

- The proceeds from the sale of Proposition V and Measure L General Obligation Bonds were only used for the purposes set forth in the ballot measure and not for any other purpose, such as teacher and administrative salaries.

- The Governing Board of the Lakeside Union School District (District), in establishing approved projects set forth in the ballot measure to modernize, replace, renovate, construct, acquire, equip, furnish and otherwise improve facilities of the District as noted in the bond project list.

In performing our audit of compliance, we performed procedures including but not limited to those listed as follows:

Internal Control Evaluation

Procedure Performed

Inquiries were made of management regarding internal controls to:

- Prevent fraud, waste, or abuse regarding project resources
- Prevent material misstatement in the project funds
- Ensure all expenditures are properly allocated
- Ensure adequate separation of duties exists in the accounting of project funds. All purchase requisitions are reviewed for proper supporting documentation. The Project Manager or appropriate District employee submits back up information to the business office to initiate a purchase requisition. The Project Manager, Superintendent, and Business Manager verifies that the requested purchase is an allowable project cost in accordance with the grant agreement.

Results of Procedure Performed

The results of our audit determined the internal control procedures as designed are sufficient to meet the financial and compliance objectives required by generally accepted accounting principles and applicable laws and regulations.

Procedure Performed

Tests of controls were performed based on identified controls from procedures above, utilizing samples of expenditures with a sample size sufficient for a high level of assurance, to determine if internal controls as designed are properly implemented and in place over the Bond Fund expenditures.

Results of Procedure Performed

The results of our audit determined that the internal controls as designed were properly implemented during the 2019-20 fiscal year.

Tests of Expenditures

Procedures Performed

We tested expenditures to determine whether Proposition V and Measure L proceeds were spent solely on voter and Board approved school facilities projects as set forth in the bond Projects List and language of the Proposition V and Measure L ballot measure language. Our testing was performed using a sample size sufficient to meet a high level of assurance.

Results of Procedures Performed

Expenditures tested were found to be in compliance with the terms of the Proposition V and Measure L ballot measure as well as applicable state laws and regulations.

Tests of Contracts and Bid Procedures

Procedures Performed

We tested expenditures under Proposition V and Measure L to determine if the expenditure was part of a valid contract, that the contract was properly approved by the District's Governing Board, and that the contract was established in compliance with Public Contract Code provisions, including bid procedures. Our testing was performed using a sample size sufficient to meet a high level of assurance.

Results of Procedures Performed

Expenditures tested were found to have valid contracts which were issued through proper approval of the District's Governing Board in compliance with Public Contract Code, including bid procedures.

Facilities Site Review

Procedures Performed

We reviewed the Independent Citizens' Oversight Committee minutes and agendas along with other pertinent information on Proposition V and Measure L designated projects to determine whether the funds expended for the year ended June 30, 2020 were for valid facilities acquisition and construction purposes as stated in the Bond Project List. Additionally, we reviewed photographs of significant bond projects to determine projects were being completed as identified in the Bond Project List.

Results of Procedures Performed

Based on review of the minutes and agenda of the Independent Citizens' Oversight Committee, expenditure documentation, review of project photographs, and other pertinent information provided, it appears the construction work performed was consistent with the Bond Project List as well as the allowable projects as identified in Proposition V and Measure L ballot measures.

Citizens' Oversight Committee

Procedures Performed

We reviewed the minutes of the Citizens' Oversight Committee meetings to verify compliance with Education Code Section 15278 which requires the Citizens' Oversight Committee to:

- Actively review and report on the proper expenditure of taxpayers' money for school construction.
- Advise the public as to whether the District is in compliance with paragraph (3) of subdivision (b0 of Section 1 of Article XIII A of the California Constitution.
- Ensure that bond revenues are expended only for purposes described in paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution.
- Ensure that no funds are used for any teacher or administrative salaries or other school operating expenses.

Additionally, Education Code Section 15278 authorizes the Citizens' Oversight Committee to:

- Receive and review copies of the annual, independent performance audit.
- Inspect school facilities and grounds to ensure that bond revenues are expended in compliance with the requirements described in paragraph (3) of subdivision (b0 of Section 1 of Article XIII A of the California Constitution.
- Receive and review copies of any deferred maintenance proposals or plans developed by the District.
- Review efforts by the District to maximize bond revenues by implementing cost saving measures.

Results of Procedures Performed

In our review of the minutes of the Citizens' Oversight Committee we determined that, during the fiscal year ended June 30, 2020 the Committee fulfilled all required responsibilities identified in Education Code Section 15278 and additionally performed other authorized activities as identified in Education Code Section 15278.

Procedure Performed

We reviewed composition of the Citizens' Oversight Committee to verify compliance with Education Code Section 15282 which requires the following:

- The Citizen's Oversight Committee shall consist of at least seven members who shall serve for a minimum term of two years without compensation and for no more than three consecutive terms.
- One member shall be active in a business organization representing the business community located within the school district boundaries.
- One member shall be active in a senior citizens' organization.
- One member shall be active in a bona fide taxpayers' organization.
- One member shall be the parent or guardian of a child enrolled in the school district.
- One member shall be both a parent or guardian of a child enrolled in the school district and active in a parent-teacher organization.
- An employee or official of the school district shall not be appointed to the citizens' oversight committee.
- A vendor, contractor, or consultant of the school district shall not be appointed to the citizens' oversight committee.

Results of Procedures Performed

In our review of the Citizens' Oversight Committee composition for the fiscal year ended June 30, 2020 we determined that the Committee was in compliance with Education Code Section 15282.

Opinion on Performance

The results of our tests indicated that the District has complied with the requirements set forth in Proposition V, approved by voters on November 4, 2008, and Measure L, approved by voters on November 4, 2014, in accordance with Proposition 39 as outlined in Article XIIIA, Section 1(b)(3)(c) of the California Constitution.

Purpose of the Report

This report is intended solely for the information and use of the District's Governing Board, the Proposition V and Measure L Citizens' Oversight Committee, management, and others within the District and is not intended to be and should not be used by anyone other than these specified parties.

Wilkinson Hadley King & Co LLP

El Cajon, California
March 10, 2021

Auditor's Results, Findings & Recommendations

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
One or more material weakness(es) identified?	_____ Yes	X No
One or more significant deficiencies identified that are not considered material weakness(es)?	_____ Yes	X No
Noncompliance material to financial statements noted?	_____ Yes	X No

PERFORMANCE AUDIT

Any audit findings disclosed that are required to be reported in accordance with *2019-20 Guide for Annual Audits of California K-12 Local Education Agencies* or Proposition 39?	_____ Yes	X No

Findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements or performance audit that are required to be reported in accordance with *Government Auditing Standards,* or *Appendix A of the 2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

A. Financial Statement Findings

None

B. Performance Audit Findings

None

Lakeside Union School Bond Fund
Proposition V & Measure L Building Fund (21-39)

Schedule of Prior Year Audit Findings
Year Ended June 30, 2020

Finding/Recommendation	Status	Explanation if Not Implemented

There were no audit findings reported in the prior year audit.