



Del Mar Union School District

County of San Diego
San Diego, California

Audit Report

June 30, 2021



WILKINSON HADLEY
KING & CO. LLP
CPAs AND ADVISORS



Del Mar Union School District

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June 30, 2021

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Independent Auditor's Report

To the Governing Board of Trustees
Del Mar Union School District
San Diego, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Del Mar Union School District (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements.

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

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

Other Reporting Required by Government Auditing Standards

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

Wilkinson Hadley King & Co LLP

El Cajon, California
January 31, 2022

DEL MAR UNION SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2021
(Unaudited)

The discussion and analysis of Del Mar Union School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole. To provide a complete understanding of the District's financial performance, please read it in conjunction with the Independent Auditor's Report, the District's financial statements and notes to the basic financial statements.

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

FINANCIAL HIGHLIGHTS

- The increase in Local Control Funding Formula (LCFF) sources from 2019-20 to 2020-21 was \$1,805,651 (3.38%) which consisted mostly of increases to property taxes received.
- The general fund expenditures increased by \$5,385,945 (8.5%) over the previous year amount.
- General Fund revenues exceeded expenses by \$3,441,688.
- The General Fund ended the fiscal year with 23.48% reserves in unrestricted and assigned fund balances.

Overview of the Financial Statements

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

The Basic Financial Statements

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

These two statements provide information about the District as a whole using methods similar to those used by private-sector companies. The Statement of Net Position includes all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting. This basis of accounting takes in account all the current year's revenues and expenses regardless of when cash is received or paid. These statements report information on the district as a whole and its activities in a way that helps answer the question, "How did we do financially during 2020-2021?"

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Funds

The District also operates one Enterprise Fund, the Childcare Services Fund. This fund reflects the activity of the childcare program for which the District charges fees for services provided. The fund is reported using full accrual accounting which includes all assets and liabilities, including those that are long-term in nature.

Fiduciary Funds

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

FINANCIAL ANALYSIS OF THE GOVERNMENT WIDE STATEMENTS

The School District as a Whole

The District's net position was \$69.6 million at June 30, 2021. Of this amount, unrestricted net position was (\$135.9) million, net investment in capital assets was \$108.3 million, and restricted net position was \$97.2 million. A Comparative analysis of government-wide statement of net position is presented in Table 1.

The District's net position increased \$5.9 million this fiscal year (See Table 2). The District's expenses for instructional and pupil services represented 75% of total expenses. The administrative activities of the District accounted for just 7% of total costs. The remaining 18% was spent in the areas of plant services, childcare services, and other expenses, including debt service interest. (See Figure 2)

(Table 1)
Comparative Statement of Net Position

	Governmental Activities		Business Type Activities	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Assets				
Cash	\$ 123,766,743	\$ 129,987,466	\$ 657,286	\$ 1,091,444
Accounts receivable	5,915,856	2,296,151	4,659	11,389
Internal Balances	(120,671)	136,292	120,671	(136,292)
Inventory				
Prepaid expenses	-	30,835	-	-
Capital assets, net	129,715,493	120,733,040	1,092,257	1,120,351
Total Assets	<u>\$ 259,277,421</u>	<u>\$ 253,183,784</u>	<u>\$ 1,874,873</u>	<u>\$ 2,086,892</u>
Deferred Outflows of Resources				
Deferred outflows of resources - pensions	\$ 14,656,447	\$ 14,874,593	\$ 1,828,878	\$ 2,194,175
Deferred outflows of resources - OPEB	1,739,087	1,764,036	72,219	84,461
Deferred outflows of resources - debt related	1,331,931	1,622,337	-	-
Total Deferred Outflows of Resources	<u>\$ 17,727,465</u>	<u>\$ 18,260,966</u>	<u>\$ 1,901,097</u>	<u>\$ 2,278,636</u>
Liabilities				
Accounts payable and other current liabilities	\$ 7,854,290	\$ 3,766,573	\$ 120,412	\$ 114,144
Unearned revenue	70,655	135,960	328,966	252,979
Long-term liabilities	191,676,455	194,087,941	6,452,094	6,409,748
Total Liabilities	<u>\$ 199,601,400</u>	<u>\$ 197,990,474</u>	<u>\$ 6,901,472</u>	<u>\$ 6,776,871</u>
Deferred Inflows of Resources				
Deferred inflows of resources - pensions	\$ 2,612,099	6,494,356	\$ 273,763	571,122
Deferred inflows of resources - OPEB	1,371,500	301,082	402,132	18,238
Total Deferred Inflows of Resources	<u>\$ 3,983,599</u>	<u>\$ 6,795,438</u>	<u>\$ 675,895</u>	<u>\$ 589,360</u>
Net Position				
Net investment in capital assets	\$ 107,257,560	\$ 99,527,971	\$ 1,092,257	\$ 1,120,351
Restricted	97,240,452	107,548,012	-	-
Unrestricted	(131,078,125)	(140,417,145)	(4,893,654)	(4,121,054)
Total Net Position	<u>\$ 73,419,887</u>	<u>\$ 66,658,838</u>	<u>\$ (3,801,397)</u>	<u>\$ (3,000,703)</u>

(Table 2)
Comparative Statement of Change in Net Position

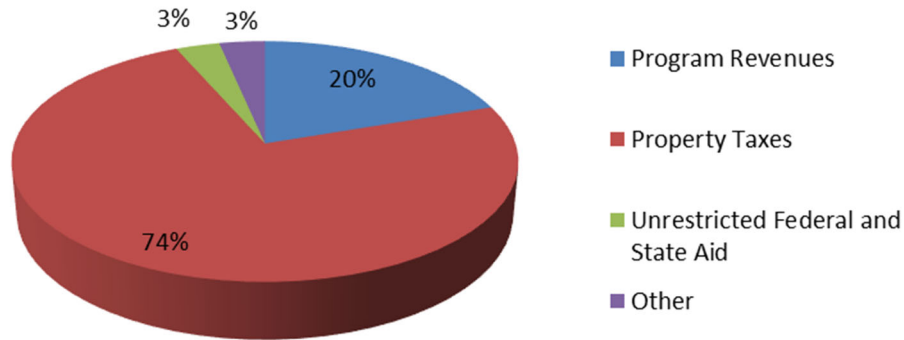
	Governmental Activities		Business Type Activities	
	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2021	Year Ended June 30, 2020
Revenues				
Program revenues				
Charges for services	\$ 358,695	\$ 655,549	\$ 2,245,854	\$ 3,561,377
Operating grants and contributions	14,391,519	6,154,453	8,821	3,912
General revenues				
Taxes levied for general purposes	53,492,216	51,658,179	-	-
Taxes levied for debt service	5,513,355	5,319,085	-	-
Taxes levied for other specific purposes	4,283,216	4,250,807	-	-
Federal and state aid not restricted	2,781,257	3,390,130	-	-
Interest and investment earnings	350,473	463,728	8,018	33,562
Miscellaneous	2,531,904	2,305,264	-	-
Internal Transfers	(128,131)	-	128,131	-
Total Revenues	<u>83,574,504</u>	<u>74,197,195</u>	<u>2,390,824</u>	<u>3,598,851</u>
Expenses				
Instruction	50,381,699	45,942,847	-	-
Instruction Related Services	6,255,854	5,503,531	-	-
Pupil Support Services	3,394,588	3,321,243	-	-
General Administration	5,418,479	4,930,767	-	-
Plant Services	7,876,534	6,261,404	-	-
Childcare Services	-	-	3,191,518	5,238,801
Other	3,486,301	3,648,257	-	-
Total Expenses	<u>76,813,455</u>	<u>69,608,049</u>	<u>3,191,518</u>	<u>5,238,801</u>
Increase (Decrease) in Net Position	6,761,049	4,589,146	(800,694)	(1,639,950)
Net Position - Beginning Balance	<u>66,658,838</u>	<u>62,069,692</u>	<u>(3,000,703)</u>	<u>(1,360,753)</u>
Net Position - Ending Balance	<u>\$ 73,419,887</u>	<u>\$ 66,658,838</u>	<u>\$ (3,801,397)</u>	<u>\$ (3,000,703)</u>

GOVERNMENTAL ACTIVITIES

As reported in the Statement of Activities, the cost of all of the District's governmental activities this year was \$76.8 million. The amount that our local taxpayers financed for these activities through property taxes was \$63.3 million. Federal and State aid not restricted to specific purposes totaled \$2.3 million. Operating grants and contributions revenue was \$14.4 million. Operating grants and unrestricted federal and state aid and covered 22% of the expenses of the entire District (See Figure 1).

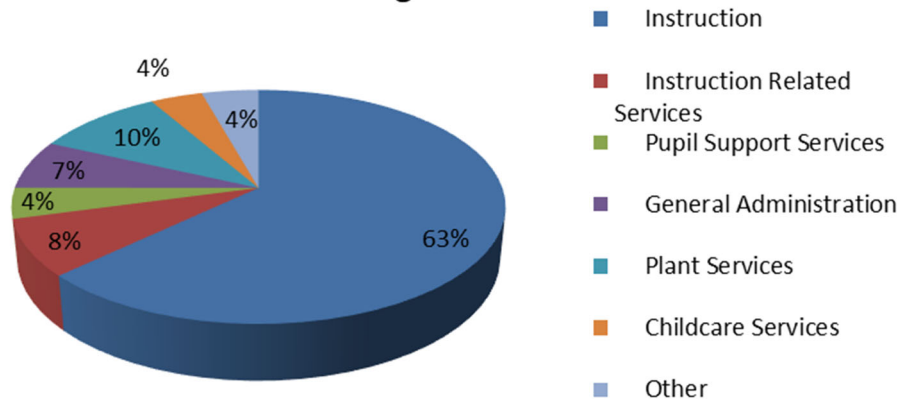
Sources of Revenue for the 2020-21 Fiscal Year

Figure 1



Expenses for the 2020-21 Fiscal Year

Figure 2



FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The fund financial statements focus on individual parts of the District's operations in more detail than the government-wide statements. The District's individual fund statements provide information on inflows and outflows and balances of spendable resources. The District's Governmental Funds reported a combined fund balance of \$123 million, a decrease of \$7 million from the previous fiscal year's combined ending balance of \$130 million. The Childcare services enterprise fund reported an ending net position of \$(3.8) million which represented a decrease in net position of \$(0.8) million over the previous year ending net position of \$(3) million.

General Fund Budgetary Highlights

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

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

The final revised budget for the General Fund reflected a net increase to the ending balance of \$81,051.

The District ended the year with a \$2,604,304 increase to the general fund ending balance. The State recommends available reserves of 3% of total general fund expenditures and other financing uses of the general fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

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

(Table 3)
Comparative Schedule of Capital Assets
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>	<u>Net \$</u> <u>Change</u>	<u>Net %</u> <u>Change</u>
Land	\$ 36,813,151	\$ 36,813,151	\$ 0	0.0%
Work in Progress	25,702,620	15,686,964	10,015,656	63.8%
Land Improvements	4,304,135	3,072,084	1,232,051	40.1%
Buildings & Improvements	104,938,109	104,938,109	0	0.0%
Equipment	4,867,947	4,780,352	87,595	1.8%
Less Accumulated Depreciation for				
Land Improvements	(1,582,626)	(1,792,658)	210,032	-11.7%
Buildings & Improvements	(41,506,933)	(39,149,888)	(2,357,045)	6.0%
Equipment	<u>(2,728,653)</u>	<u>(2,494,723)</u>	<u>(233,930)</u>	<u>9.4%</u>
Total	<u>\$ 130,807,750</u>	<u>\$ 121,853,391</u>	<u>\$ 8,954,359</u>	<u>7.3%</u>

Long-Term Debt

At June 30, 2021 the District had \$110.2 million in long-term debt outstanding. Table 4 shows a comparative schedule of long-term debt items.

(Table 4)
Comparative Schedule of Long-Term Debt
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>	<u>Net \$ Change</u>	<u>Net % Change</u>
General Obligation Bonds	\$ 53,618,873	\$ 59,215,330	\$ (5,596,457)	-9.5%
Special Tax Bonds	56,135,124	57,991,884	(1,856,760)	-3.2%
Capital Leases Payable	<u>468,859</u>	<u>642,811</u>	<u>(173,952)</u>	<u>-27.1%</u>
Total Long-Term Debt	<u>\$ 110,222,856</u>	<u>\$ 117,850,025</u>	<u>\$ (7,627,169)</u>	<u>-6.5%</u>

GENERAL OBLIGATION BOND

On November 6, 2018, the voters of the Del Mar Union School District community voted to approve Measure MM to authorize the District to issue \$186 million of general obligation bonds for construction, reconstruction and modernization of Del Mar Union School District facilities. This bond measure passed with over 61% of votes cast in favor to authorize the issuance and sale.

The Bonds represent a general obligation of the District, payable solely from *ad valorem* taxes for the payment of the principal and interest on the Bonds upon all property subject to taxation by the District. The amount of the annual *ad valorem* taxes levied by the County to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year.

The Del Mar Union School District General Obligation Bonds, 2018 Election, Series 2019 A were issued in October 2019 in the principal amount of \$55,285,000 and are rated Aaa by Moody's Investors Services

FACTORS BEARING ON THE DISTRICT'S FUTURE

School district revenues consist primarily of guaranteed State moneys, local property taxes and funds received from the State in the form of categorical aid under ongoing programs of local assistance. All State aid is subject to the appropriation of funds in the State's annual budget

Predicting the future requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years. The District currently maximizes restricted funds prior to utilizing unrestricted revenues in the budget development process. The District has an excellent track record in meeting this challenge in what has proven to be a long cycle of lean years for education finances. The Del Mar Union School District is committed to proactive fiscal planning and maintaining a reserve balance to assure fiscal solvency.

AVERAGE DAILY ATTENDANCE (ADA) AND ENROLLMENT

The following chart shows the District's ADA for fiscal years 2016-2017 through 2020-2021:

Fiscal Year	Total ADA	Total Enrollment
2016-2017	4,304.37	4,414
2017-2018	4,321.83	4,453
2018-2019	4,140.74	4,263
2019-2020	4,012.71	4,132
2020-2021	4,012.71*	3,853

*Districts held harmless to 2019-2020 ADA.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Business Office, at Del Mar Union School District, 11232 El Camino Real, Ste. 100, San Diego CA 92130.

Basic Financial Statements

Del Mar Union School District

Statement of Net Position

June 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash	\$ 123,766,743	\$ 657,286	\$ 124,424,029	\$ 78,479
Receivables	5,915,856	4,659	5,920,515	-
Internal Balances	(120,671)	120,671	-	-
Prepaid Expenses	-	-	-	-
Capital Assets:				
Land	36,813,151	-	36,813,151	-
Improvements	4,304,135	-	4,304,135	-
Buildings	103,554,390	1,383,719	104,938,109	-
Equipment	4,867,947	-	4,867,947	-
Work in Progress	25,702,620	-	25,702,620	-
Less Accumulated Depreciation	(45,526,750)	(291,462)	(45,818,212)	-
Total Assets	259,277,421	1,874,873	261,152,294	78,479
Deferred Outflows of Resources	17,727,465	1,901,097	19,628,562	-
Liabilities				
Accounts Payable and Other Current Liabilities	7,854,290	120,412	7,974,702	-
Unearned Revenue	70,655	328,966	399,621	-
Long-Term Liabilities:				
Due Within One Year	7,971,657	39,809	8,011,466	-
Due in More Than One Year	183,704,798	6,412,285	190,117,083	-
Total Liabilities	199,601,400	6,901,472	206,502,872	-
Deferred Inflows of Resources	3,983,599	675,895	4,659,494	-
Net Position				
Net Investment in Capital Assets	107,257,560	1,092,257	108,349,817	-
Restricted for:				
Capital Projects	88,618,026	-	88,618,026	-
Debt Service	7,186,009	-	7,186,009	-
Educational Programs	1,135,066	-	1,135,066	-
Other Purposes (Expendable)	276,351	-	276,351	-
Other Purposes (Nonexpendable)	25,000	-	25,000	-
Unrestricted	(131,078,125)	(4,893,654)	(135,971,779)	78,479
Total Net Position	\$ 73,419,887	\$ (3,801,397)	\$ 69,618,490	\$ 78,479

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

Del Mar Union School District

Statement of Activities

For the Year Ended June 30, 2021

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government Business Type Activities	Total	Component Unit
Governmental Activities:							
Instruction	\$ 50,381,699	\$ 46,464	\$ 10,386,085	\$ (39,949,150)		\$ (39,949,150)	
Instruction-Related Services							
Instructional Supervision and Administration	2,628,676	-	1,651,092	(977,584)		(977,584)	
Instructional Library, Media and Technology	272,638	-	236,450	(36,188)		(36,188)	
School Site Administration	3,354,540	-	163,568	(3,190,972)		(3,190,972)	
Pupil Services							
Home-to-School Transportation	653,570	-	110,382	(543,188)		(543,188)	
Food Services	527,612	275,679	124,022	(127,911)		(127,911)	
All Other Pupil Services	2,213,406	-	413,713	(1,799,693)		(1,799,693)	
General Administration							
Centralized Data Processing	1,791,727	-	133,139	(1,658,588)		(1,658,588)	
All Other General Administration	3,626,752	32	75,652	(3,551,068)		(3,551,068)	
Plant Services	7,876,534	36,520	1,093,238	(6,746,776)		(6,746,776)	
Interest on Long-Term Debt	3,450,735	-	-	(3,450,735)		(3,450,735)	
Debt Issuance Costs	17,315	-	-	(17,315)		(17,315)	
Transfers Between Agencies	18,251	-	4,178	(14,073)		(14,073)	
Total Governmental Activities	76,813,455	358,695	14,391,519	(62,063,241)		(62,063,241)	
Business Type Activities:							
Child Care Services	3,191,518	2,245,854	8,821		\$ (936,843)	(936,843)	
Total Business Type Activities	3,191,518	2,245,854	8,821		(936,843)	(936,843)	
Component Unit:							
Educational Grants	1,143,375	-	1,271,923				\$ 128,548
Management and General	78,609	-	-				(78,609)
Fundraising	51,609	-	-				(51,609)
Total Component Unit	1,273,593	-	1,271,923				(1,670)
Total	\$ 81,278,566	\$ 2,604,549	\$ 15,672,263	\$ (62,063,241)	\$ (936,843)	\$ (63,000,084)	\$ (1,670)
General Revenues:							
Taxes and Subventions:							
Taxes Levied for General Purposes				\$ 53,492,216	\$ -	\$ 53,492,216	\$ -
Taxes Levied for Debt Service				5,513,355	-	5,513,355	-
Taxes Levied for Other Specific Purposes				4,283,216	-	4,283,216	-
Federal and State Aid, Not Restricted				2,781,257	-	2,781,257	-
Interest and Investment Earnings				350,473	8,018	358,491	828
Miscellaneous				2,531,904	-	2,531,904	-
Internal Transfers				(128,131)	128,131	-	-
Total General Revenues				68,824,290	136,149	68,960,439	828
Change in Net Position				6,761,049	(800,694)	5,960,355	(842)
Net Position, Beginning				66,658,838	(3,000,703)	63,658,135	79,321
Net Position, Ending				\$ 73,419,887	\$ (3,801,397)	\$ 69,618,490	\$ 78,479

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

Del Mar Union School District

Balance Sheet – Governmental Funds

June 30, 2021

	General Fund	Building Fund	Capital Project Fund for Blended Component Unit	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 15,799,247	\$ 48,561,237	\$ 43,425,899	\$ 15,980,360	\$ 123,766,743
Accounts Receivable	5,758,379	83,933	30,383	43,161	5,915,856
Due from Other Funds	132,460	-	-	123,938	256,398
Total Assets	<u>\$ 21,690,086</u>	<u>\$ 48,645,170</u>	<u>\$ 43,456,282</u>	<u>\$ 16,147,459</u>	<u>\$ 129,938,997</u>
Liabilities and Fund Balance					
Liabilities:					
Accounts Payable	\$ 2,122,534	\$ 319,689	\$ 4,016,840	\$ 25,374	\$ 6,484,437
Due to Other Funds	252,069	-	-	125,000	377,069
Unearned Revenue	-	-	-	70,655	70,655
Total Liabilities	<u>2,374,603</u>	<u>319,689</u>	<u>4,016,840</u>	<u>221,029</u>	<u>6,932,161</u>
Fund Balance:					
Nonspendable Fund Balances	25,000	-	-	-	25,000
Restricted Fund Balances	1,411,106	48,325,481	39,439,442	8,039,423	97,215,452
Committed Fund Balances	-	-	-	1,388,454	1,388,454
Assigned Fund Balances	12,555,621	-	-	6,498,553	19,054,174
Unassigned Fund Balances	5,323,756	-	-	-	5,323,756
Total Fund Balance	<u>19,315,483</u>	<u>48,325,481</u>	<u>39,439,442</u>	<u>15,926,430</u>	<u>123,006,836</u>
Total Liabilities and Fund Balance	<u>\$ 21,690,086</u>	<u>\$ 48,645,170</u>	<u>\$ 43,456,282</u>	<u>\$ 16,147,459</u>	<u>\$ 129,938,997</u>

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

Del Mar Union School District

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

Total fund balances governmental funds: \$ 123,006,836

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

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

Capital assets relating to governmental activities, at historical cost	175,242,243	
Accumulated depreciation	<u>(45,526,750)</u>	
Net		129,715,493

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

476,338

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

(1,369,853)

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

General obligation bonds payable	53,618,873	
Capital leases payable	468,859	
Special tax bonds payable	56,135,124	
Net pension liability	67,289,199	
Net OPEB liability	13,812,055	
Compensated absences	<u>352,345</u>	
Total		(191,676,455)

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

Del Mar Union School District

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

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

855,593

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

Deferred outflows of resources relating to pensions	14,656,447	
Deferred inflows of resources relating to pensions	<u>(2,612,099)</u>	

Net

12,044,348

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

Deferred outflows of resources relating to OPEB	1,739,087	
Deferred inflows of resources relating to OPEB	<u>(1,371,500)</u>	

Net

367,587

Total net position governmental activities:

\$ 73,419,887

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

Del Mar Union School District

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

	General Fund	Building Fund	Capital Project Fund for Blended Component Unit	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
State Apportionment	\$ 1,170,350	\$ -	\$ -	\$ -	\$ 1,170,350
Education Protection Account Funds	802,542	-	-	-	802,542
Local Property Taxes	53,213,004	-	4,283,665	5,779,083	63,275,752
Federal Revenue	5,657,234	-	-	116,157	5,773,391
Other State Revenue	7,373,055	-	-	7,019	7,380,074
Interest Income	185,146	475,836	164,669	150,712	976,363
FMV Adjustment	64,152	201,939	75,224	36,571	377,886
Other Local Revenue	3,697,365	-	19	1,335,749	5,033,133
Total Revenues	72,162,848	677,775	4,523,577	7,425,291	84,789,491
Expenditures					
Current Expenditures:					
Instruction	47,130,098	-	-	-	47,130,098
Instruction - Related Services	6,059,653	-	-	-	6,059,653
Pupil Services	2,825,180	-	-	523,327	3,348,507
General Administration	5,178,589	-	-	9,870	5,188,459
Plant Services	6,534,120	95,375	33,620	456,082	7,119,197
Debt Issue Costs	-	-	-	-	-
Other Outgo	18,251	-	-	-	18,251
Capital Outlay	657,191	3,372,151	7,874,257	-	11,903,599
Debt Service:					
Principal	301,515	-	-	6,905,000	7,206,515
Interest	16,563	-	-	3,828,144	3,844,707
Total Expenditures	68,721,160	3,467,526	7,907,877	11,722,423	91,818,986
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,441,688	(2,789,751)	(3,384,300)	(4,297,132)	(7,029,495)
Other Financing Sources (Uses):					
Transfers In	700,000	-	-	3,863,663	4,563,663
Transfers Out	(952,069)	-	(3,739,725)	-	(4,691,794)
Proceeds from Capital Leases	127,553	-	-	-	127,553
Total Other Financing Sources (Uses)	(124,516)	-	(3,739,725)	3,863,663	(578)
Net Change in Fund Balance	3,317,172	(2,789,751)	(7,124,025)	(433,469)	(7,030,073)
Fund Balance, Beginning of Year	15,998,311	51,115,232	46,563,467	16,359,899	130,036,909
Fund Balance, End of Year	\$ 19,315,483	\$ 48,325,481	\$ 39,439,442	\$ 15,926,430	\$ 123,006,836

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

Del Mar Union School District

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

Total change in fund balances, governmental funds: \$ (7,030,073)

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

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

Expenditures for capital outlay	11,903,599	
Depreciation expense	<u>(2,916,098)</u>	
	Net	8,987,501

Gain or loss from disposal of capital assets: In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is: (5,048)

Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 7,206,515

Debt proceeds: In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt were: (127,553)

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

Prepaid debt insurance incurred during the period	-	
Prepaid debt insurance amortized for the period	<u>(17,315)</u>	
	Net	(17,315)

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

Del Mar Union School District

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

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was: 118,835

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was: (722)

Pensions: In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was: (1,397,306)

Other postemployment benefits (OPEB): In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year the difference between OPEB expenses and actual employer OPEB contributions was: (1,248,911)

Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of debt issue premium or discount, or deferred gain or loss from debt refunding for the period is: 275,126

Change in net position of governmental activities: \$ 6,761,049

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

Del Mar Union School District

Statement of Net Position – Enterprise Fund

June 30, 2021

	Enterprise Fund
	Child Care Services Fund
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 657,286
Accounts Receivable	4,659
Due from Other Funds	128,131
Total Current Assets	<u>790,076</u>
Noncurrent Assets	
Buildings and Improvements	1,383,719
Accumulated Depreciation	<u>(291,462)</u>
Total Noncurrent Assets	<u>1,092,257</u>
Total Assets	<u><u>\$ 1,882,333</u></u>
Deferred Outflows of Resources	
OPEB Related	\$ 72,219
Pension Related	<u>1,828,878</u>
Total Deferred Outflows of Resources	<u><u>\$ 1,901,097</u></u>
Liabilities	
Current Liabilities	
Accounts Payable	\$ 120,412
Due to Other Funds	7,460
Unearned Revenue	328,966
Compensated Absences Payable	<u>39,809</u>
Total Current Liabilities	<u>496,647</u>
Noncurrent Liabilities	
Net Pension Liability	6,066,930
Net OPEB Liability	<u>345,355</u>
Total Noncurrent Liabilities	<u>6,412,285</u>
Total Liabilities	<u><u>\$ 6,908,932</u></u>
Deferred Inflows of Resources	
OPEB Related	\$ 273,763
Pension Related	<u>402,132</u>
Total Deferred Inflows of Resources	<u><u>\$ 675,895</u></u>
Net Position	
Net Investment in Capital Assets	\$ 1,092,257
Unrestricted (Deficit)	<u>(4,893,654)</u>
Total Net Position	<u><u>\$ (3,801,397)</u></u>

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

Del Mar Union School District

Statement of Revenues, Expenses, and Changes in Net Position – Enterprise Fund June 30, 2021

	Enterprise Fund Child Care Services Fund
Operating Revenues	
State Revenue	\$ 8,821
Child Care Service Fees	2,245,854
Total Operating Revenues	<u>2,254,675</u>
Operating Expenses	
Certificated Salaries	-
Classified Salaries	1,835,123
Employee Benefits	1,224,370
Books and Supplies	21,629
Services and Other Operating Expenses	82,302
Depreciation Expense	28,094
Total Operating Expenses	<u>3,191,518</u>
Operating Income (Loss)	<u>(936,843)</u>
Non-Operating Revenues/(Expenses)	
Interest and Investment Income	8,018
Interfund Transfers In	128,131
Total Nonoperating Revenues/(Expenses)	<u>136,149</u>
Change in Net Position	(800,694)
Total Net Position - Beginning	<u>(3,000,703)</u>
Total Net Position - Ending	<u><u>\$ (3,801,397)</u></u>

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

Del Mar Union School District

Statement of Cash Flows – Enterprise Fund

June 30, 2021

	Enterprise Fund
	Child Care Services Fund
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 2,323,694
Cash Received from Grants	8,821
Cash Payments for Payroll and Benefits	(2,542,597)
Cash Payments to Other Suppliers for Goods and Services	(236,971)
Net Cash Provided (Used) by Operating Activities	(447,053)
Cash Flows from Investing Activities	
Interest and Dividends on Investments	12,895
Net Cash Provided (Used) by Investing Activities	12,895
Net Increase (Decrease) in Cash and Cash Equivalents	(434,158)
Cash and Cash Equivalents, Beginning of Year	1,091,444
Cash and Cash Equivalents, End of Year	<u>\$ 657,286</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ (936,843)
Depreciation Expense	28,094
Change in Assets and Liabilities:	
Decrease (Increase) in Operating Accounts Receivable	1,853
Decrease (Increase) in Due From Other Funds	732
Decrease (Increase) in Deferred Outflows of Resources	377,539
Increase (Decrease) in Accounts Payable	6,268
Increase (Decrease) in Due To Other Funds	(129,564)
Increase (Decrease) in Unearned Revenue	75,987
Increase (Decrease) in Net Pension Liability	683,989
Increase (Decrease) In Net OPEB Liability	(617,584)
Increase (Decrease) in Compensated Absences Payable	(24,059)
Increase (Decrease) in Deferred Inflows of Resources	86,535
Net Cash Provided (Used) by Operating Activities	<u>\$ (447,053)</u>

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

Del Mar Union School District

Statement of Net Position – Fiduciary Funds

June 30, 2021

	Foundation Private-Purpose Trust Fund
Assets	
Cash and Cash Equivalents	\$ 34,824
Accounts Receivable	60
Total Assets	<u>\$ 34,884</u>
Net Position	
Held in Trust for Other Purpose	<u>\$ 34,884</u>
Total Net Position	<u>\$ 34,884</u>

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

Del Mar Union School District

Statement of Changes in Fiduciary Net Position – Fiduciary Funds June 30, 2021

	Foundation Private-Purpose Trust Fund
Additions	
Investment Income	\$ 476
Total Additions	476
Deductions	
Total Deductions	-
Change in Net Position	476
Net Position, Beginning of Year	34,408
Net Position, End of Year	\$ 34,884

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

Del Mar Union School District

Notes to the Financial Statements

For the Year Ended June 30, 2021

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

The District operates under a locally elected Governing Board of Trustees form of government and provides educational services to grades K-8 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, special revenue funds, capital facilities funds, debt service funds, student-related activities, and discretely presented component units.

2. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

The District and the Del Mar Schools Community Facilities Districts (the CFDs) have a financial and operational relationship which meet the reporting entity definition criteria of the Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, for inclusion of the CFD as a blended component unit of the District. Therefore, the financial activities of the CFD have been included in the basic financial statements as a blended component unit.

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

a. Manifestations of Oversight

The governing body of the CFDs are substantively the same as the District's Board of Trustees.

The CFDs have no employees, the District's Superintendent, Assistant Superintendent of Business Services, and other employees of the District function as agents of the CFDs. Neither individual received additional compensation for work performed in this capacity.

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

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

b. Accounting and Fiscal Matters

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

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

c. Scope of Public Service and Financial Presentation

The CFDs were created for the sole purpose of financially assisting the District.

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

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

The Del Mar Union School District has identified one foundation which has a financial and operational relationship which meet the reporting entity definition criteria of the Codification of Governmental Accounting and Financial Reporting Section 2100, for inclusion of the foundations as discretely presented component units.

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

Del Mar Schools Education Foundation

The Del Mar Schools Education Foundation (DMSEF) is a nonprofit 501(c)(3) organization that exists to raise funds to assist in paying for the compensation packages for specialized and credentialed teachers in the Del Mar Union School District’s STEAM+ curriculum. DMSEF is committed to providing specialized instruction and thereby enriching the educational opportunities of every student in the Del Mar Union School District. During the year ended June 30, 2021, DMSEF provided a grant of \$1,100,000 to the District to assist in the costs associated with the STEAM+ program.

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

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

Nature and Significance of Relationship

Certain organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the primary government, including their ongoing financial support of the primary government or its other component units. DMSEF is reported as a discretely presented component unit based on the following criteria:

- 1) The economic resources received or held by DMSEF are entirely for the direct benefit of the District.
- 2) The District is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by DMSEF.
- 3) The economic resources received or held by DMSEF are significant to the District.

3. Basis of Presentation

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

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities, business type activities, and discretely presented component units. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from general revenues of the District.

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

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

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

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

Enterprise funds are used to account for activities that are proprietary in nature. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

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

Major Governmental Funds

The District reports the following major governmental funds:

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

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

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

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

Non-Major Governmental Funds

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

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

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

Deferred Maintenance Fund: This fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code §17582*).

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

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

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

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

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

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

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

Proprietary Fund

Enterprise Fund: Enterprise funds are used to account for an activity for which a fee is charged to external users for goods or services. An enterprise fund is accounted for on the accrual basis. Capital assets and long-term liabilities are recorded in the fund. All revenues and expenses are recorded, regardless of when they are received or paid. The District reports the following enterprise fund:

Child Care Services Fund: This fund accounts for the activities of the District's fee based child care program.

Fiduciary Funds

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

Foundation Private Purpose Trust Fund: This fund is used to account separately for gifts or bequests per *Education Code §41031* that benefit individuals, private organizations, or other governments and under which neither principal nor income may be used for purposes that support the District's own programs.

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

4. Basis of Accounting – Measurement Focus

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

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

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

5. Encumbrances

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

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

6. Budgets and Budgetary Accounting

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

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

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

7. Revenues and Expenses

a. Revenues – Exchange and Non-Exchange

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

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

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

b. Expenses/Expenditures

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

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

a. Deposits and Investments

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

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

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

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

b. Stores Inventories and Prepaid Expenditures

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

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

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

c. Capital Assets

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

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

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

d. Compensated Absences

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

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

e. Unearned Revenue

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

f. Interfund Activity

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

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

g. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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.

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

h. Minimum Fund Balance Policy

The District is a basic aid district and receives funding computed from local property tax revenue. The Board shall establish and maintain a higher level of reserves in an attempt to close the state aid differential and protect the District during times of economic uncertainty and fluctuations in property tax revenues. The District Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts of not less than 15 percent of general fund operating expenditures and other financing uses.

i. GASB 54 Fund Presentation

GASB Statement No. 54 defines a special revenue fund as a fund that has a special revenue source that is either restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. The Special Reserve Fund for other than Capital Outlay (Fund 17) does not have continuing revenue sources that are either restricted or committed in nature. As such this fund does not meet the definition of special revenue funds under the provisions of GASB Statement No. 54. This fund has been combined with the general fund for reporting purposes.

j. Deferred Inflows and Deferred Outflows of Resources

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

k. Pensions

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

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

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

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

1. Postemployment Benefits Other than Pensions (OPEB)

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

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

Valuation Date	June 30, 2019
Measurement Date	June 30, 2021
Measurement Period	June 30, 2020 to June 30, 2021

9. Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

10. Use of Estimates

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

11. Fair Value Measurements

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

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

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

12. New Accounting Pronouncements

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

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

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

- The OPEB Trust Fund was previously accounted for as a fiduciary fund. It was determined by the District, as a result of applying definitions in GASB Statement No 84, that the District does not retain control of the assets and it is therefore no longer represented as a fiduciary fund.

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

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

B. Compliance and Accountability

1. Finance Related Legal and Contractual Provisions

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

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

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

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

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
Enterprise Fund	\$ (3,801,397)	Consistent with the requirements in GASB Statement No. 68 & GASB Statement No. 75 the District has recorded the liability for Pension and Other Post Employment Benefits; however, the District has elected not to fully fund the liabilities at this time as a result of the volatile state economy and state budget.

C. Fair Value Measurements

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

	<u>Amount</u>	<u>Fair Value Measurement Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
External investment pools measured at fair value				
San Diego County Treasury	\$ 98,750,107	\$ -	\$ 98,750,107	\$ -
Other investments measured at fair value				
U.S. Government Money Market Funds	25,336,431	25,336,431	-	-
Total investments measured at fair value	<u>\$ 124,086,538</u>	<u>\$ 25,336,431</u>	<u>\$ 98,750,107</u>	<u>\$ -</u>

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

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

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

D. Cash and Investments

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

	Major Governmental Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Building Fund	Capital Project Fund for Blended Component Unit		
Cash in County Treasury	\$ 15,362,780	\$ 48,359,298	\$ 18,014,244	\$ 15,943,787	\$ 97,680,109
FMV Adjustment	64,152	201,939	75,224	36,573	377,888
Cash with Fiscal Agent	-	-	25,336,431	-	25,336,431
Cash in Revolving Fund	25,000	-	-	-	25,000
Cash in Bank	347,315	-	-	-	347,315
Total Cash and Cash Equivalents	<u>\$ 15,799,247</u>	<u>\$ 48,561,237</u>	<u>\$ 43,425,899</u>	<u>\$ 15,980,360</u>	<u>\$ 123,766,743</u>
	Child Care Services Enterprise Fund	Foundation Private Purpose Trust Fund			
Cash in County Treasury	\$ 654,553	\$ 34,679			
FMV Adjustment	2,733	145			
Total Cash and Cash Equivalents	<u>\$ 657,286</u>	<u>\$ 34,824</u>			

1. Cash in County Treasury

In accordance with Education Code §41001, the District maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool (\$98,369,341 as of June 30, 2021). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$98,750,107. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

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

Cash balances on hand and in banks (\$347,315 as of June 30, 2021) and in revolving fund (\$25,000 as of June 30, 2021) are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC).

3. Cash with Fiscal Agents & Investments

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

<u>Account Type</u>	<u>Maturity</u>	<u>Amount Reported</u>	<u>Fair Value</u>
U.S. Government Money Market	<30 Days	\$ 25,336,431	\$ 25,336,431

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

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

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

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

5. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

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

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
County Treasurer's Investment Pool	Unrated	Not Applicable	\$ 98,750,107
U.S. Government Money Market	Unrated	Not Applicable	25,336,431

b. Custodial Credit Risk

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

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

At June 30, 2021, the District's bank balances exceeded FDIC limitations by \$122,315 and as such were exposed to custodial credit risk. Cash with fiscal agent investment balances of \$25,336,431 were not FDIC insured and therefore exposed to custodial credit risk.

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

c. Concentration of Credit Risk

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

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District maintains pooled investments with the San Diego County Treasury with a fair value of \$98,750,107. The average weighted maturity for this pool was 613 days at June 30, 2021.

e. Foreign Currency Risk

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

6. Investment Accounting Policy

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

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

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

E. Accounts Receivable

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

	Major Governmental Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Building Fund	Capital Project Fund for Blended Component Unit		
Federal Government					
Special Education Programs	\$ 879,223	\$ -	\$ -	\$ -	\$ 879,223
ESSER	2,406,920	-	-	-	2,406,920
Title IV	157,123	-	-	-	157,123
Other Federal Programs	78,203	-	-	20,910	99,113
State Government					
LCFF State Aid	298,018	-	-	-	298,018
Lottery	277,444	-	-	-	277,444
In Person Instruction	747,287	-	-	-	747,287
Other State Programs	-	-	-	1,201	1,201
Local Sources					
Interest	33,665	83,933	30,383	14,509	162,490
Special Education Programs	845,745	-	-	-	845,745
Other Local Sources	34,751	-	-	6,541	41,292
Total Accounts Receivable	<u>\$ 5,758,379</u>	<u>\$ 83,933</u>	<u>\$ 30,383</u>	<u>\$ 43,161</u>	<u>\$ 5,915,856</u>
	Child Care Services Enterprise Fund	Foundation Trust Fund			
Local Sources					
Interest	\$ 909	\$ 60			
Other Local Sources	3,750	-			
Total Accounts Receivable	<u>\$ 4,659</u>	<u>\$ 60</u>			

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

F. Capital Assets

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

<u>Governmental Activities</u>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 36,813,151	\$ -	\$ -	\$ 36,813,151
Work in Progress	15,686,964	10,102,328	86,672	25,702,620
Total capital assets not being depreciated	<u>52,500,115</u>	<u>10,102,328</u>	<u>86,672</u>	<u>62,515,771</u>
Capital assets being depreciated:				
Improvements	3,072,084	1,609,436	377,385	4,304,135
Buildings	103,554,390	-	-	103,554,390
Equipment	4,780,352	278,507	190,912	4,867,947
Total capital assets being depreciated	<u>111,406,826</u>	<u>1,887,943</u>	<u>568,297</u>	<u>112,726,472</u>
Less accumulated depreciation for:				
Improvements	(1,792,658)	(162,305)	(372,337)	(1,582,626)
Buildings	(38,886,520)	(2,328,951)	-	(41,215,471)
Equipment	(2,494,723)	(424,842)	(190,912)	(2,728,653)
Total accumulated depreciation	<u>(43,173,901)</u>	<u>(2,916,098)</u>	<u>(563,249)</u>	<u>(45,526,750)</u>
Total capital assets being depreciated, net	<u>68,232,925</u>	<u>(1,028,155)</u>	<u>5,048</u>	<u>67,199,722</u>
Governmental activities capital assets, net	<u>\$ 120,733,040</u>	<u>\$ 9,074,173</u>	<u>\$ 91,720</u>	<u>\$ 129,715,493</u>
<u>Business-Type Activities</u>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets being depreciated:				
Buildings	\$ 1,383,719	\$ -	\$ -	\$ 1,383,719
Total capital assets being depreciated	<u>1,383,719</u>	<u>-</u>	<u>-</u>	<u>1,383,719</u>
Less accumulated depreciation for:				
Buildings	(263,368)	(28,094)	-	(291,462)
Total accumulated depreciation	<u>(263,368)</u>	<u>(28,094)</u>	<u>-</u>	<u>(291,462)</u>
Total capital assets being depreciated, net	<u>1,120,351</u>	<u>(28,094)</u>	<u>-</u>	<u>1,092,257</u>
Business-Type activities capital assets, net	<u>\$ 1,120,351</u>	<u>\$ (28,094)</u>	<u>\$ -</u>	<u>\$ 1,092,257</u>

Depreciation was charged to functions as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Instruction	\$ 2,150,809	\$ -
Instruction-Related Services	37,252	-
Enterprise - Child Care Services	-	28,094
General Administration	112,805	-
Plant Services	615,232	-
Total	<u>\$ 2,916,098</u>	<u>\$ 28,094</u>

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

G. Interfund Balances & Activities

1. Due to and From Other Funds

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

<u>Interfund Receivable</u> <u>(Due From Other Funds)</u>	<u>Interfund Payable</u> <u>(Due To Other Funds)</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Nonmajor Governmental Funds	\$ 125,000	Temporary cash loan
General Fund	Child Care Services Enterprise Fund	1,240	Cellular devices reimbursement
General Fund	Child Care Services Enterprise Fund	6,220	OPEB reimbursement
Nonmajor Governmental Funds	General Fund	123,938	Program contribution
Child Care Services Enterprise Fund	General Fund	128,131	Program contribution
	Total	<u>\$ 384,529</u>	

2. Transfers to and From Other Funds

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

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	General Fund	\$ 700,000	Special reserves
Nonmajor Governmental Funds	General Fund	123,938	Fund contribution
Nonmajor Governmental Funds	Capital Projects - Blended Component Unit	3,739,725	Debt service payments
Child Care Services Enterprise Fund	General Fund	128,131	Program contribution
	Total	<u>\$ 4,691,794</u>	

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

H. Accounts Payable

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

	Major Governmental Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Building Fund	Capital Project Fund for Blended Component Unit		
Vendor payables	\$ 957,372	\$ 319,689	\$ 4,016,840	\$ 23,348	\$ 5,317,249
Federal interest reimbursement	560	-	-	-	560
Pension related payables	712,086	-	-	1,464	713,550
Payroll and related benefits	452,516	-	-	562	453,078
Total Accounts Payable	<u>\$ 2,122,534</u>	<u>\$ 319,689</u>	<u>\$ 4,016,840</u>	<u>\$ 25,374</u>	<u>\$ 6,484,437</u>
	Child Care Services Enterprise Fund				
Vendor payables	\$ 20,497				
Pension related payables	25,184				
Payroll and related benefits	74,731				
Total Accounts Payable	<u>\$ 120,412</u>				

I. Unearned Revenue

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

	Nonmajor Governmental Funds
Local Sources	
Prepaid Lunch Accounts	\$ 70,655
Total Unearned Revenue	<u>\$ 70,655</u>
	Child Care Services Enterprise Fund
Local Sources	
Prepaid Childcare Fees	\$ 328,966
Total Unearned Revenue	<u>\$ 328,966</u>

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

J. Fund Balance Classifications of the Governmental Funds

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

	Major Governmental Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Building Fund	Capital Project Fund for Blended Component Unit		
Nonspendable Fund Balances					
Revolving Cash	\$ 25,000	\$ -	\$ -		\$ 25,000
Total Nonspendable	25,000	-	-	-	25,000
Restricted Fund Balances					
Capital Projects	-	48,325,481	39,439,442	853,103	88,618,026
Debt Service	-	-	-	7,186,009	7,186,009
Educational Programs	1,135,066	-	-	-	1,135,066
Mental Health	259,236	-	-	-	259,236
Ongoing Major Maintenance	16,804	-	-	-	16,804
Other Purposes	-	-	-	311	311
Total Restricted	1,411,106	48,325,481	39,439,442	8,039,423	97,215,452
Committed Fund Balances					
Deferred Maintenance	-	-	-	1,388,454	1,388,454
Total Committed	-	-	-	1,388,454	1,388,454
Assigned Fund Balances					
Capital Projects	-	-	-	6,498,553	6,498,553
Educational Programs	2,104,637	-	-	-	2,104,637
Minimum Reserve Policy	10,450,984	-	-	-	10,450,984
Total Assigned	12,555,621	-	-	6,498,553	19,054,174
Unassigned Fund Balances					
For Economic Uncertainty	2,090,197	-	-	-	2,090,197
Other Unassigned	3,233,559	-	-	-	3,233,559
Total Unassigned	5,323,756	-	-	-	5,323,756
Total Fund Balance	\$ 19,315,483	\$ 48,325,481	\$ 39,439,442	\$ 15,926,430	\$ 123,006,836

K. Short Term Debt Activity

The District accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as other financing sources. For the year ended June 30, 2021, the District did not issue any short term debt.

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

L. Long Term Obligations

1. Long-Term Obligation Activity

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
General Obligation Bonds					
Principal Balance	\$ 55,285,000	\$ -	\$ 5,225,000	\$ 50,060,000	\$ 5,425,000
Bond Premium	3,930,330	-	371,457	3,558,873	385,675
Total General Obligation Bonds	59,215,330	-	5,596,457	53,618,873	5,810,675
Special Tax Bonds					
Principal Balance	52,322,500	-	1,680,000	50,642,500	1,340,000
Bond Premium	5,669,384	-	176,760	5,492,624	136,468
Total Special Tax Bonds	57,991,884	-	1,856,760	56,135,124	1,476,468
Capital Leases	642,811	127,563	301,515	468,859	332,169
Net OPEB Liability*	13,713,912	98,143	-	13,812,055	-
Net Pension Liability*	62,227,782	5,061,417	-	67,289,199	-
Compensated Absences*	351,623	722	-	352,345	352,345
Total Governmental Activities	\$ 194,143,342	\$ 5,287,845	\$ 7,754,732	\$ 191,676,455	\$ 7,971,657
Business Type Activities					
Net OPEB Liability*	\$ 907,450	\$ -	\$ 562,095	\$ 345,355	\$ -
Net Pension Liability*	5,382,941	683,989	-	6,066,930	-
Compensated Absences*	63,866	-	24,057	39,809	39,809
Total Business Type Activities	\$ 6,354,257	\$ 683,989	\$ 586,152	\$ 6,452,094	\$ 39,809

*Other long-term liabilities

- Payments for general obligation bonds are made from the bond interest and redemption fund.
- Payments for special tax bonds are made from the debt service fund for blended component units.
- Payments for capital leases are made from the general fund.
- Payments for pension contributions are made from the general fund and the childcare services enterprise fund.
- Payments for OPEB contributions are made from the general fund and the childcare services enterprise fund.
- Payments for compensated absences are made from the general fund and the childcare services enterprise fund.

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

2. General Obligation Bonds

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

On November 6, 2018, registered voters authorized the issuance of \$186,000,000 principal amount of general obligation bonds. The bonds were authorized to finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities and pay costs of issuance incurred in connection with the issuance of the Bonds. The Bonds represent a general obligation of the District, payable solely from *ad valorem* taxes for the payment of the principal and of interest on the Bonds upon all property subject to taxation by the District without limitation of rate or amount (except as to certain personal property which is taxable at limited rates). Of the total amount originally authorized, \$130,715,000 remains unissued.

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

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	
2018 Election, Series A	10/16/2019	1.50 - 4.00%	8/1/2044	<u>\$ 55,285,000</u>	
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
2018 Election, Series A					
Principal Balance	\$ 55,285,000	\$ -	\$ 5,225,000	\$ 50,060,000	\$ 5,425,000
Premium	3,930,330	-	371,457	3,558,873	385,675
Total General Obligation Bonds	<u>\$ 59,215,330</u>	<u>\$ -</u>	<u>\$ 5,596,457</u>	<u>\$ 53,618,873</u>	<u>\$ 5,810,675</u>

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

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 5,425,000	\$ 1,553,919	\$ 6,978,919
2023	960,000	1,426,219	2,386,219
2024	460,000	1,403,569	1,863,569
2025	540,000	1,389,319	1,929,319
2026	640,000	1,365,719	2,005,719
2027-2031	4,945,000	6,320,494	11,265,494
2032-2036	8,680,000	4,977,194	13,657,194
2037-2041	13,505,000	3,143,609	16,648,609
2042-2046	14,905,000	929,650	15,834,650
Total	<u>\$ 50,060,000</u>	<u>\$ 22,509,691</u>	<u>\$ 72,569,691</u>

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

Bond Premium

Bond premium 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 then amortize the premium over the life of the bond.

Premiums issued on general obligation bonds resulted in effective interest rates as follows:

	<u>2018</u> <u>Series A</u>
Total Interest Payments on Bonds	\$ 24,822,440
Less Bond Premium	<u>(3,930,330)</u>
Net Interest Payments	<u>20,892,110</u>
Par Amount of Bonds	55,285,000
Periods	25
Effective Interest Rate	1.51%

3. Special Tax Bonds

On August 30, 2017 the Community Facilities District No. 95-1 of the District issued refunding bonds in order to refund the 2007 special tax bonds issued under the Mello-Roos Community Facilities Act of 1982. The bonds were issued with maturity dates beginning in September 2018 and extending through September 2036 with coupons varying in interest rates from 2.00% to 5.00%. The principal and interest payments will be made from special taxes assessed on the properties located within the Community Facilities District No. 95-1.

On December 3, 2019 the Community Facilities District No. 99-1 of the District issued bonds under the Mello-Roos Community Facilities Act of 1982 in order to refund special tax bonds issued June 7, 2012 and to fund public works projects within the District's boundaries. The bonds were issued with maturity dates beginning September 2020 and extending through September 2049 with coupons varying in yield from 3.00% to 5.00%. The principal and interest payments will be made from special taxes assessed on the properties located within the Community Facilities District No. 99-1.

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

Special Tax Bonds as of June 30, 2021 consisted of:

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	
2017 CFD 95-1 Special Tax Bonds	8/30/2017	2.00 - 5.00%	9/1/2036	\$ 14,660,000	
2019 CFD 99-1 Special Tax Bonds	12/3/2019	3.00 - 5.00%	9/1/2049	<u>39,075,000</u>	
Total Special Tax Bonds				<u>\$ 53,735,000</u>	

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
2017 CFD 95-1 Special Tax Bonds					
Principal balance	\$ 13,247,500	\$ -	\$ 595,000	\$ 12,652,500	\$ 620,000
Premium	1,128,008	-	50,659	1,077,349	52,788
2019 CFD 99-1 Special Tax Bonds					
Principal balance	39,075,000	-	1,085,000	37,990,000	720,000
Premium	4,541,376	-	126,101	4,415,275	83,680
Total Special Tax Bonds	<u>\$ 57,991,884</u>	<u>\$ -</u>	<u>\$ 1,856,760</u>	<u>\$ 56,135,124</u>	<u>\$ 1,476,468</u>

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

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,340,000	\$ 1,998,263	\$ 3,338,263
2023	1,392,500	1,944,988	3,337,488
2024	1,450,000	1,889,350	3,339,350
2025	1,502,500	1,827,550	3,330,050
2026	1,575,000	1,759,138	3,334,138
2027-2031	9,002,500	7,629,500	16,632,000
2032-2036	10,332,500	5,756,500	16,089,000
2037-2041	7,352,500	4,068,413	11,420,913
2042-2046	8,545,000	2,511,100	11,056,100
2047-2051	8,150,000	668,000	8,818,000
Total	<u>\$ 50,642,500</u>	<u>\$ 30,052,800</u>	<u>\$ 80,695,300</u>

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

Bond Premium/Discount

Bond premium 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 then amortize the premium over the life of the bond.

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

Premiums and discounts issued on special tax bonds resulted in effective interest rates as follows:

	CFD 95-1 2017 Bonds	CFD 99-1 2019 Bonds
Total Interest Payments on Bonds	\$ 5,702,600	\$ 28,286,646
Plus Bond Discount	-	-
Less Bond Premium	(1,248,170)	(4,541,376)
Net Interest Payments	4,454,430	23,745,270
Par Amount of Bonds	14,660,000	39,075,000
Periods	19	30
Effective Interest Rate	1.60%	2.03%

4. Capital Leases

On January 7, 2019, the District entered into a capital lease agreement with Apple Financial to purchase computer equipment. The lease calls for annual payments of \$278,665 which includes principal and interest at a rate of 1.97%.

On August 27, 2019, the District entered into a capital lease agreement with De Lage Landen Public Finance to purchase copy machines. The lease calls for monthly payments of \$1,973 for 60 months. The payments include principal and interest at a rate of 4.251%.

On November 27, 2019, the District entered into a capital lease agreement with De Lage Landen Public Finance to purchase copy machines. The lease calls for monthly payments of \$254 for 57 months. The payments include principal and interest at a rate of 5.85%.

On August 14, 2020, the District entered into a capital lease agreement with De Lage Landen Public Finance to purchase copy machines. The lease calls for monthly payments of \$888 for 48 months. The payments include principal and interest at a rate of 3.8%.

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

On April 15, 2021, the District entered into a capital lease agreement with De Lage Landen Public Finance to purchase copy machines. The lease calls for monthly payments of \$2,351 for 40 months. The payments include principal and interest at a rate of 3.8%.

Future payment requirements on capital leases are as follows:

Year Ended June 30,	Principal	Interest	Total
2022	\$ 332,169	\$ 12,079	\$ 344,248
2023	61,305	4,277	65,582
2024	63,761	1,821	65,582
2025	11,624	160	11,784
Total	<u>\$ 468,859</u>	<u>\$ 18,337</u>	<u>\$ 487,196</u>

5. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2021, amounted to \$392,154. This amount is included as part of long-term liabilities in the government-wide financial statements.

6. Net Pension Liability

The District's beginning net pension liability was \$67,610,723 and increased by \$5,745,406 during the year ended June 30, 2021 for a ending net pension liability of \$73,356,129. See Note M for additional information regarding the net pension liability.

7. Net OPEB Liability

The District's beginning net OPEB liability was \$14,621,362 and decreased by \$463,952 during the year ended June 30, 2021 for a ending net OPEB liability of \$14,157,410. See Note O for additional information regarding the net OPEB liability.

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

M. Pension Plans

1. General Information about the Pension Plans

a. Plan Descriptions

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

b. Benefits Paid

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

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

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

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

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

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

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

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

c. Contributions

CalSTRS

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

CalPERS

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

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

On Behalf Payments

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

CalSTRS			
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2019	9.828%	\$ 4,240,670	\$ (863,557)
2020	10.328%	3,621,075	986,768
2021	10.328%	3,482,958	2,396,113

CalPERS			
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2019	N/A	\$ 814,273	N/A

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

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

d. Contributions Recognized

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

Governmental Fund Financial Statements (Current Financial Resources Measurement Focus)			
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 5,392,768	\$ 1,720,034	\$ 7,112,802
Contributions - State On Behalf Payments	3,482,958	-	3,482,958
Total Governmental Funds	<u>\$ 8,875,726</u>	<u>\$ 1,720,034</u>	<u>\$ 10,595,760</u>
Enterprise Fund Financial Statements (Economic Resources Measurement Focus)			
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 20,490	\$ 549,057	\$ 569,547
Contributions - State On Behalf Payments	13,282	-	13,282
Total Enterprise Funds	<u>\$ 33,772</u>	<u>\$ 549,057</u>	<u>\$ 582,829</u>
Government-Wide Financial Statements (Economic Resources Measurement Focus)			
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 5,168,392	\$ 1,511,742	\$ 6,680,134
Contributions - State On Behalf Payments	3,607,793	-	3,607,793
Total Governmental Activities	<u>8,776,185</u>	<u>1,511,742</u>	<u>10,287,927</u>
Contributions - Employer	20,490	549,057	569,547
Contributions - State On Behalf Payments	13,282	-	13,282
Total Business-Type Activities	<u>33,772</u>	<u>549,057</u>	<u>582,829</u>
Total Government-Wide	<u>\$ 8,809,957</u>	<u>\$ 2,060,799</u>	<u>\$ 10,870,756</u>

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

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

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

	Proportionate Share of the Net Pension Liability		
	CalSTRS	CalPERS	Total
Governmental Activities	\$ 51,235,814	\$ 16,053,385	\$ 67,289,199
Business-Type Activities	188,973	5,877,957	6,066,930
Total	<u>\$ 51,424,787</u>	<u>\$ 21,931,342</u>	<u>\$ 73,356,129</u>

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

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

	CalSTRS			CalPERS
	District's Proportionate Share	State's Proportionate Share*	Total For District Employees	District's Proportionate Share
<u>Governmental Activities</u>				
Proportion June 30, 2020	0.0524%	0.0305%	0.0829%	0.0511%
Proportion June 30, 2021	0.0529%	0.0354%	0.0883%	0.0523%
Change in Proportion	<u>0.0005%</u>	<u>0.0049%</u>	<u>0.0054%</u>	<u>0.0012%</u>
<u>Business-Type Activities</u>				
Proportion June 30, 2020	0.0003%	0.0002%	0.0005%	0.0175%
Proportion June 30, 2021	0.0002%	0.0001%	0.0003%	0.0192%
Change in Proportion	<u>-0.0001%</u>	<u>-0.0001%</u>	<u>-0.0002%</u>	<u>0.0017%</u>

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

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

a. Pension Expense

	Governmental Activities		
	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	\$ 3,912,111	\$ 1,149,306	\$ 5,061,417
State On Behalf Pension Expense	2,396,113	-	2,396,113
Employer Contributions to Pension Expense	5,392,768	1,720,034	7,112,802
Change in Contributions Subsequent to Measurement Date	(224,376)	(208,292)	(432,668)
Change in Other Deferred Outflows/Inflows of Resources	(3,878,558)	647,115	(3,231,443)
Total Pension Expense - Governmental	<u>\$ 7,598,058</u>	<u>\$ 3,308,163</u>	<u>\$ 10,906,221</u>
	Business-Type Activities		
	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	\$ (84,689)	\$ 768,678	\$ 683,989
State On Behalf Pension Expense	3,620	-	3,620
Employer Contributions to Pension Expense	-	357,215	357,215
Change in Deferred Outflows/Inflows of Resources	31,869	164,438	196,307
Total Pension Expense - Business-Type	<u>\$ (49,200)</u>	<u>\$ 1,290,331</u>	<u>\$ 1,241,131</u>

b. Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources		
	CalSTRS	CalPERS	Total
<u>Governmental Activities</u>			
Pension contributions subsequent to measurement date	\$ 5,392,768	\$ 1,720,034	\$ 7,112,802
Differences between actual and expected experience	75,532	881,346	956,878
Changes in assumptions	3,619,460	76,438	3,695,898
Changes in employer's proportionate share	987,869	388,140	1,376,009
Net difference between projected and actual earnings	1,211,011	303,849	1,514,860
Total Governmental Activities	<u>11,286,640</u>	<u>3,369,807</u>	<u>14,656,447</u>
<u>Business-Type Activities</u>			
Pension contributions subsequent to measurement date	-	357,215	357,215
Differences between actual and expected experience	571	274,903	275,474
Changes in assumptions	25,586	18,574	44,160
Changes in employer's proportionate share	13,317	982,869	996,186
Net difference between projected and actual earnings	-	155,843	155,843
Total Business-Type Activities	<u>39,474</u>	<u>1,789,404</u>	<u>1,828,878</u>
Total Deferred Outflows of Resources	<u>\$ 11,326,114</u>	<u>\$ 5,159,211</u>	<u>\$ 16,485,325</u>

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
<u>Governmental Activities</u>			
Differences between actual and expected experience	\$ 1,155,705	\$ -	\$ 1,155,705
Changes in employer's proportionate share	580,669	875,725	1,456,394
Total Governmental Activities	1,736,374	875,725	2,612,099
<u>Business-Type Activities</u>			
Differences between actual and expected experience	5,838	-	5,838
Changes in employer's proportionate share	187,887	205,392	393,279
Net difference between projected and actual earnings	3,015	-	3,015
Total Business-Type Activities	196,740	205,392	402,132
Total Deferred Inflows of Resources	\$ 1,933,114	\$ 1,081,117	\$ 3,014,231

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

Governmental Activities					
Year Ended June 30,	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect on Expenses
	CalSTRS	CalPERS	CalSTRS	CalPERS	
2022	\$ 6,376,329	\$ 2,332,254	\$ (412,343)	\$ (291,908)	\$ 8,004,332
2023	1,808,448	471,117	(411,379)	(291,908)	1,576,278
2024	2,065,612	338,020	(411,243)	(291,909)	1,700,480
2025	880,814	228,416	(217,686)	-	891,544
2026	77,719	-	(210,989)	-	(133,270)
Thereafter	77,718	-	(72,734)	-	4,984
Total	\$ 11,286,640	\$ 3,369,807	\$ (1,736,374)	\$ (875,725)	\$ 12,044,348
Business-Type Activities					
Year Ended June 30,	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect on Expenses
	CalSTRS	CalPERS	CalSTRS	CalPERS	
2022	\$ 15,091	\$ 814,400	\$ (91,160)	\$ (161,085)	\$ 577,246
2023	15,090	428,550	(44,824)	(44,307)	354,509
2024	8,434	393,248	(41,437)	-	360,245
2025	287	153,206	(17,980)	-	135,513
2026	287	-	(1,069)	-	(782)
Thereafter	285	-	(270)	-	15
Total	\$ 39,474	\$ 1,789,404	\$ (196,740)	\$ (205,392)	\$ 1,426,746

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

c. Actuarial Assumptions

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

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

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

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

a. Discount Rate

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

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

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

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

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

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

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

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

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

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

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

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

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

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

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

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

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

	CalSTRS		
	Governmental Activities	Business-Type Activities	Total
1% Decrease	6.10%	6.10%	6.10%
Net Pension Liability	\$ 77,410,179	\$ 285,511	\$ 77,695,690
Current Discount Rate	7.10%	7.10%	7.10%
Net Pension Liability	\$ 51,235,814	\$ 188,973	\$ 51,424,787
1% Increase	8.10%	8.10%	8.10%
Net Pension Liability	\$ 29,625,191	\$ 109,266	\$ 29,734,457
	CalPERS		
	Governmental Activities	Business-Type Activities	Total
1% Decrease	6.15%	6.15%	6.15%
Net Pension Liability	\$ 23,079,669	\$ 8,450,635	\$ 31,530,304
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	\$ 16,053,385	\$ 5,877,957	\$ 21,931,342
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	\$ 10,221,923	\$ 3,742,763	\$ 13,964,686

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

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

CalSTRS – Governmental Activities

	Increase (Decrease)				
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	State's Share of Net Pension Liability	District's Share of Net Pension Liability
	(a)	(b)	(a) - (b)	(c)	(a) - (b) - (c)
Balance at June 30, 2020					
(Previously Reported)	<u>\$ 272,748,233</u>	<u>\$ 197,913,795</u>	<u>\$ 74,834,438</u>	<u>\$ 27,510,735</u>	<u>\$ 47,323,703</u>
Changes for the year					
CalSTRS auditor adjustment	(1,766)	-	(1,766)	(709)	(1,057)
Change in proportionate share	17,977,707	13,045,130	4,932,577	4,505,375	427,202
Service cost	6,482,568	-	6,482,568	2,601,910	3,880,658
Interest	20,608,208	-	20,608,208	8,271,523	12,336,685
Difference between expected and actual experience	(850,506)	-	(850,506)	(341,368)	(509,138)
Change in assumptions	908,796	-	908,796	364,764	544,032
Change in benefits	-	-	-	-	-
Contributions:					
Employer	-	5,369,810	(5,369,810)	(2,155,282)	(3,214,528)
Employee	-	3,298,728	(3,298,728)	(1,324,011)	(1,974,717)
State on behalf	-	3,927,373	(3,927,373)	(1,576,331)	(2,351,042)
Net investment income	-	8,922,874	(8,922,874)	(3,581,376)	(5,341,498)
Other income	-	89,575	(89,575)	(35,953)	(53,622)
Benefit payments ⁽¹⁾	(14,152,733)	(14,152,733)	-	-	-
Administrative expenses	-	(193,301)	193,301	77,585	115,716
Borrowing costs	-	(83,628)	83,628	33,566	50,062
Other expenses	-	(5,607)	5,607	2,249	3,358
Net changes	<u>30,972,274</u>	<u>20,218,221</u>	<u>10,754,053</u>	<u>6,841,942</u>	<u>3,912,111</u>
Balance at June 30, 2021	<u><u>303,720,507</u></u>	<u><u>218,132,016</u></u>	<u><u>85,588,491</u></u>	<u><u>34,352,677</u></u>	<u><u>51,235,814</u></u>

(1) – Includes refunds of employee contributions

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

CalSTRS – Business Type Activities

	Increase (Decrease)				
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	State's Share of Net Pension Liability	District's Share of Net Pension Liability
	(a)	(b)	(a) - (b)	(c)	(a) - (b) - (c)
Balance at June 30, 2020					
(Previously Reported)	\$ 1,576,770	\$ 1,144,148	\$ 432,622	\$ 158,959	\$ 273,663
Changes for the year					
CalSTRS auditor adjustment	(7)	-	(7)	(3)	(4)
Change in proportionate share	(503,645)	(365,459)	(138,186)	(40,643)	(97,543)
Service cost	23,928	-	23,928	9,615	14,313
Interest	76,069	-	76,069	30,568	45,501
Difference between expected and actual experience	(3,139)	-	(3,139)	(1,262)	(1,877)
Change in assumptions	3,355	-	3,355	1,348	2,007
Change in benefits	-	-	-	-	-
Contributions:					
Employer	-	19,821	(19,821)	(7,965)	(11,856)
Employee	-	12,176	(12,176)	(4,893)	(7,283)
State on behalf	-	14,497	(14,497)	(5,825)	(8,672)
Net investment income	-	32,936	(32,936)	(13,235)	(19,701)
Other income	-	331	(331)	(133)	(198)
Benefit payments ⁽¹⁾	(52,240)	(52,240)	-	-	-
Administrative expenses	-	(714)	714	287	427
Borrowing costs	-	(309)	309	124	185
Other expenses	-	(21)	21	10	11
Net changes	(455,679)	(338,982)	(116,697)	(32,007)	(84,690)
Balance at June 30, 2021	<u>1,121,091</u>	<u>805,166</u>	<u>315,925</u>	<u>126,952</u>	<u>188,973</u>

(1) – Includes refunds of employee contributions

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

CalPERS – Governmental Activities

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2020			
(Previously Reported)	\$ 49,758,754	\$ 34,854,675	\$ 14,904,079
Changes for the year			
Change in proportionate share	1,149,125	804,931	344,194
Service cost	1,204,865	-	1,204,865
Interest	3,612,538	-	3,612,538
Difference between expected and actual experience	236,727	-	236,727
Change in assumptions	-	-	-
Change in benefits	-	-	-
Contributions:			
Employer	-	1,499,567	(1,499,567)
Employee	-	548,305	(548,305)
Nonemployer	-	472,973	(472,973)
Net plan to plan resource movement	-	86	(86)
Net investment income	-	1,778,114	(1,778,114)
Benefit payments ⁽¹⁾	(2,444,054)	(2,444,054)	-
Administrative expenses	-	(50,027)	50,027
Other expenses	-	-	-
Net changes	3,759,201	2,609,895	1,149,306
Balance at June 30, 2021	53,517,955	37,464,570	16,053,385

(1) – Includes refunds of employee contributions

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

CalPERS – Governmental Activities

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2020			
(Previously Reported)	\$ 17,057,837	\$ 11,948,558	\$ 5,109,279
Changes for the year			
Change in proportionate share	1,582,114	1,108,230	473,884
Service cost	441,162	-	441,162
Interest	1,322,733	-	1,322,733
Difference between expected and actual experience	86,678	-	86,678
Change in assumptions	-	-	-
Change in benefits	-	-	-
Contributions:			
Employer	-	549,067	(549,067)
Employee	-	200,762	(200,762)
Nonemployer	-	173,179	(173,179)
Net plan to plan resource movement	-	31	(31)
Net investment income	-	651,057	(651,057)
Benefit payments ⁽¹⁾	(894,892)	(894,892)	-
Administrative expenses	-	(18,317)	18,317
Other expenses	-	-	-
Net changes	2,537,795	1,769,117	768,678
Balance at June 30, 2021	19,595,632	13,717,675	5,877,957

(1) – Includes refunds of employee contributions

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

N. Alternative Pension Plan

The District Participates in one alternative pension plan through the Fringe Benefit Consortium (FBC) Deferred Compensation Program. The FBC was formed in October 1982 as part of a Joint Powers Agreement (JPA) of the San Diego County Office of Education. The FBC provides 401(a), 457(b), and 403(b) investment programs. Under these plans, eligible employees will contribute up to \$17,500 per year of their salary before taxes. The catch-up contribution limit for those age 50 and over is \$5,500. The District does not have any obligation with regards to this voluntary plan offered to employees.

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

O. Postemployment Benefits Other than Pension Benefits (OPEB)

1. General Information about the OPEB Plan

Plan Description

The California Public Employees Retirement System (CalPERS) administers the Del Mar Union School District Retiree Benefits Plan (Plan) through the California Employers' Retiree Benefit Trust (CERBT). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible employees.

The Plan provides retiree medical (including prescription drug benefits), dental, and vision benefits to eligible retirees and their eligible dependents until the retiree turns age 65. The District's financial obligation is to provide these benefits at the same cost as active employees. The District's contribution is subject to an annual maximum of \$10,500. The annual maximum is subject to periodic changes. Hourly and most part-time employees are not eligible for retiree health benefits.

Plan Eligibility

Eligibility for retiree health coverage requires retirement from CalPERS or CalSTRS on or after age 55 with age plus District years of service greater than or equal to 75. The District does not provide any retiree health benefits after a retiree turns 65. Dependent coverage ceases upon the death of the retiree or when the retiree turns age 65.

Premium Rates

The District currently offers through Self-Insured Schools of California (SISC) a Kaiser HMO Plan, two California Care Plans, an Anthem PPO Plan, an Anthem High Deductible Health Plan, and a Simnsa HMO Plan. The District also offers a Delta Dental Plan and a VSP Vision Plan through the San Diego Fringe Benefits Consortium.

The premiums billed for retiree medical coverage under age 65 are the same as those for active medical coverage. Thus, the District is providing a "rate subsidy" to the retirees based on this blended rate. GASB 75 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.

Employees Covered by Benefit Terms

At measurement date, June 30, 2021, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	10
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	380
	<u>390</u>

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

2. Net OPEB Liability of the District and the Plan

The District's total OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Fiscal Year	July 1 st to June 30 th
Measurement Date	June 30, 2021
Funding Policy	Pay-as-you-go
Discount Rate	2.61% per annum
Inflation	2.75% per annum
Salary Increases	3.00% per annum
Healthcare Cost Trend Rates	6.25% decreasing to 4.50%
Retiree's Share of Costs	0.00% of projected premiums

The discount rate is a blended rate between the rate of return at 7.00% and 2.19%, the resulting rate using the average of three 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.

Mortality rates are based on the SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019 for CalPERS members and the SOA Pub-2010 Teachers Headcount Weighted Mortality Table fully generational using Scale MP-2019 for CalSTRS members.

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 of 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 Statement No. 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.

All employees eligible as of the measurement date in accordance with provisions of the Plan were included in the valuation.

Assets of the Plan are valued on a fair market value basis.

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Governmental Activities			
Balance at June 30, 2020	\$ 14,766,726	\$ 1,052,814	\$ 13,713,912
Service Cost	935,428	-	935,428
Interest	417,503	-	417,503
Changes in Benefit Terms	-	-	-
Experience Differences	(1,061,260)	-	(1,061,260)
Changes in Assumptions	(25,150)	-	(25,150)
Change in Proportionate Share	579,230	28,366	550,864
Contributions - Employer	-	422,808	(422,808)
Net Investment Income	-	297,488	(297,488)
Benefit Payments, Including Refunds	(325,248)	(325,248)	-
Administrative Expenses	-	(1,054)	1,054
Net Changes	520,503	422,360	98,143
Balance at June 30, 2021	\$ 15,287,229	\$ 1,475,174	\$ 13,812,055
	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Business Type Activities			
Balance at June 30, 2020	\$ 962,939	\$ 55,399	\$ 907,540
Service Cost	23,389	-	23,389
Interest	10,439	-	10,439
Changes in Benefit Terms	-	-	-
Experience Differences	(26,536)	-	(26,536)
Changes in Assumptions	(629)	-	(629)
Change in Proportionate Share	(579,230)	(28,366)	(550,864)
Contributions - Employer	-	10,572	(10,572)
Net Investment Income	-	7,438	(7,438)
Benefit Payments, Including Refunds	(8,132)	(8,132)	-
Administrative Expenses	-	(26)	26
Net Changes	(580,699)	(18,514)	(562,185)
Balance at June 30, 2021	\$ 382,240	\$ 36,885	\$ 345,355

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

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

The following presents the net OPEB liability of the District, as well as what the District's net 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 (1.61%)	Current Discount Rate (2.61%)	1% Increase (3.61%)
Net OPEB Liability - Governmental Activities	\$ 15,106,354	\$ 13,812,055	\$ 12,595,460
Net OPEB Liability - Business Type Activities	377,717	345,355	314,935
Total Net OPEB Liability	<u>\$ 15,484,071</u>	<u>\$ 14,157,410</u>	<u>\$ 12,910,395</u>

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

The following presents the net OPEB liability of the District, as well as what the District's net 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 5.25% Decreasing to 3.50%	Current 6.25% Decreasing to 4.50%	1% Increase 7.25% Decreasing to 5.50%
Net OPEB Liability - Governmental Activities	\$ 11,850,617	\$ 13,812,055	\$ 16,117,533
Net OPEB Liability - Business Type Activities	296,311	345,355	403,001
Total Net OPEB Liability	<u>\$ 12,146,928</u>	<u>\$ 14,157,410</u>	<u>\$ 16,520,534</u>

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB Plan's fiduciary net position is available in the fiduciary fund financial statements.

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$1,332,472. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources		
	Governmental Activities	Business Type Activities	Total
Experience differences	\$ 644,555	\$ 29,758	\$ 674,313
Changes of assumptions	863,670	42,461	906,131
Change in proportionate share	230,862	-	230,862
Total Deferred Outflows of Resources	<u>\$ 1,739,087</u>	<u>\$ 72,219</u>	<u>\$ 1,811,306</u>

	Deferred Inflows of Resources		
	Governmental Activities	Business Type Activities	Total
Experience differences	\$ 1,201,412	\$ 39,221	\$ 1,240,633
Changes of assumptions	22,356	559	22,915
Change in proportionate share	-	230,862	230,862
Earnings differences	147,732	3,121	150,853
Total Deferred Inflows of Resources	<u>\$ 1,371,500</u>	<u>\$ 273,763</u>	<u>\$ 1,645,263</u>

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

Year Ended June 30,	Governmental Activities		Net Effect on OPEB Expense
	Deferred Outflows of Resources	Deferred Inflows of Resources	
2022	\$ 277,452	\$ (198,401)	\$ 79,051
2023	277,452	(198,401)	79,051
2024	277,452	(198,401)	79,051
2025	277,452	(207,425)	70,027
2026	219,737	(163,724)	56,013
Thereafter	409,542	(405,148)	4,394
Total	<u>\$ 1,739,087</u>	<u>\$ (1,371,500)</u>	<u>\$ 367,587</u>

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

Year Ended June 30,	Business Type Activities		Net Effect on OPEB Expense
	Deferred Outflows of Resources	Deferred Inflows of Resources	
2022	\$ 10,576	\$ (64,015)	\$ (53,439)
2023	10,576	(64,015)	(53,439)
2024	10,576	(64,015)	(53,439)
2025	10,576	(64,430)	(53,854)
2026	10,576	(5,623)	4,953
Thereafter	19,339	(11,665)	7,674
Total	<u>\$ 72,219</u>	<u>\$ (273,763)</u>	<u>\$ (201,544)</u>

Payables to the OPEB Plan

At June 30, 2021, the District did not have any payables to the OPEB plan outstanding.

P. Risk Management

The District is exposed to risk of losses due to:

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

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

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

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

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

Q. Participation in Joint Powers Authorities

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

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

R. Commitments and Contingencies

1. State and Federal Allowances, Awards, and Grants

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

2. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District as of June 30, 2021.

Del Mar Union School District
Notes to the Financial Statements, Continued
June 30, 2021

3. Construction Commitments

As of June 30, 2021, the District had outstanding commitments with respect to unfinished capital projects in the amount of \$59,686,223. Of this amount \$38,358,419 is related to Measure MM Bond Program.

2020-2021 Capital Project Commitments						
Project Name	Contractor Name	Type of Service	Commitment Amount	Expenditures through June 30, 2021	Remaining Commitment as of June 30, 2021	Measure MM (Y/N)
Pacific Sky School	Alpers Engineering Group	Commissioning Services	\$ 43,850.00	\$ 5,377.50	\$ 38,472.50	Y
Pacific Sky School	Blackhawk Environmental	Environmental Monitoring	\$ 11,200.00	\$ 5,326.25	\$ 5,873.75	Y
Pacific Sky School	Blue Coast Consulting	DSA Project Inspection	\$ 615,592.00	\$ 38,940.00	\$ 576,652.00	Y
Pacific Sky School	Erickson-Hall Construction	General Contractor	\$ 24,691,566.00	\$ -	\$ 24,691,566.00	Y
Pacific Sky School	Erickson-Hall Construction	General Contractor	\$ 28,919,563.00	\$ 7,591,759.00	\$ 21,327,804.00	N
Pacific Sky School	Ninyo & Moore	Geotechnical Services	\$ 367,515.50	\$ -	\$ 367,515.50	Y
Pacific Sky School	OBR Architecture	Architectural Services	\$ 2,578,792.00	\$ 1,985,007.89	\$ 593,784.11	Y
Pacific Sky School	Placeworks	Environmental Consultant	\$ 74,365.00	\$ 73,045.24	\$ 1,319.76	Y
Del Mar Heights School Rebuild	Air America Testing	Architectural Services	\$ 2,287,500.00	\$ 1,499,131.98	\$ 788,368.02	Y
Del Mar Heights School Rebuild	Baker Nowicki Design Studio	Architectural Services	\$ 2,792,408.00	\$ 2,091,756.18	\$ 700,651.82	Y
Del Mar Heights School Rebuild	Balfour Beatty Construction	General Contractor	\$ 7,797,624.23	\$ 281,955.61	\$ 7,515,668.62	Y
Del Mar Heights School Rebuild	Cogstone Resource Management	Archaeological Monitoring	\$ 12,850.00	\$ 6,331.35	\$ 6,518.65	Y
Del Mar Heights School Rebuild	Consulting & Inspection Services, LLC	DSA Project Inspection	\$ 442,090.00	\$ 3,264.00	\$ 438,826.00	Y
Del Mar Heights School Rebuild	Elite Modular Leasing and Sales	Interim Housing	\$ 198,468.00	\$ 158,466.50	\$ 40,001.50	Y
Del Mar Heights School Rebuild	Engineering Economics	Commissioning Services	\$ 35,675.00	\$ 3,630.93	\$ 32,044.07	Y
Del Mar Heights School Rebuild	Foxlin	Coastal and CEQA Consultant	\$ 6,000.00	\$ 3,332.50	\$ 2,667.50	Y
Del Mar Heights School Rebuild	Loveless Linton	Archaeological and Paleontological Services	\$ 47,030.00	\$ -	\$ 47,030.00	Y
Del Mar Heights School Rebuild	Nova Services, Inc.	Construction Testing	\$ 317,235.00	\$ -	\$ 317,235.00	Y
Del Mar Hills Academy Modernization	Lionakis	Architectural Services	\$ 1,514,450.00	\$ 33,966.00	\$ 1,480,484.00	Y
Sage Canyon School Window Coverings	Diversified Window Coverings, Inc	Equipment and Install	\$ 116,897.00	\$ -	\$ 116,897.00	Y
Sycamore Ridge School Playground Replacement	Dave Bang Associates	Equipment	\$ 465,220.27	\$ -	\$ 465,220.27	Y
Sycamore Ridge School Playground Replacement	Zasueta Contracting	General Contractor	\$ 131,623.00	\$ -	\$ 131,623.00	Y
Total Construction Commitments			\$ 73,467,514.00	\$ 13,781,290.93	\$ 59,686,223.07	

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

S. Deferred Outflows of Resources

The District issued refunding special tax bonds and as a result of the calculated gain or loss, a loss on refunding was recognized as a deferred outflow of resources. The loss on refunding will be amortized over the life of the refunding bonds.

The District issued special tax bonds which included prepaid debt insurance which has been recorded as a deferred outflow of resources to be amortized over the life of the bonds.

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

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

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

Description	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Refunding Losses	\$ 1,128,684	\$ -	\$ 273,091	\$ 855,593
Prepaid Debt Insurance	493,653	-	17,315	476,338
Pension Related				
CalSTRS	7,487,937	9,952,289	6,153,586	11,286,640
CalPERS	4,100,538	3,069,978	3,800,709	3,369,807
OPEB Related	1,727,962	288,577	277,452	1,739,087
Total Governmental Activities	14,938,774	13,310,844	10,522,153	17,727,465
<u>Business Type Activities:</u>				
Pension Related				
CalSTRS	76,299	2,007	38,832	39,474
CalPERS	2,114,927	1,199,357	1,524,880	1,789,404
OPEB Related	82,795	-	10,576	72,219
Total Business Type Activities	2,274,021	1,201,364	1,574,288	1,901,097
Total Deferred Outflows of Resources	\$ 17,212,795	\$ 14,512,208	\$ 12,096,441	\$ 19,628,562

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

 Future amortization of deferred outflows is as follows:

Year Ended June 30,	Governmental Activities				
	Refunding Losses	Prepaid Insurance	Pension Related	OPEB Related	Total
2022	\$ 51,361	\$ 13,705	\$ 8,708,583	\$ 277,452	\$ 9,051,101
2023	51,361	13,705	2,279,565	277,452	2,622,083
2024	51,361	13,705	2,403,632	277,452	2,746,150
2025	51,361	13,705	1,109,230	277,454	1,451,750
2026	51,361	13,705	77,719	219,737	362,522
Thereafter	598,788	407,813	77,718	409,540	1,493,859
Total	<u>\$ 855,593</u>	<u>\$ 476,338</u>	<u>\$ 14,656,447</u>	<u>\$ 1,739,087</u>	<u>\$ 17,727,465</u>

Year Ended June 30,	Business Type Activities		
	Pension Related	OPEB Related	Total
2022	\$ 829,491	\$ 10,576	\$ 840,067
2023	443,640	10,576	454,216
2024	401,682	10,576	412,258
2025	153,493	10,576	164,069
2026	287	10,576	10,863
Thereafter	285	19,339	19,624
Total	<u>\$ 1,828,878</u>	<u>\$ 72,219</u>	<u>\$ 1,901,097</u>

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

T. Deferred Inflows of Resources

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

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

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

Description	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Pension Related				
CalSTRS	\$ 2,040,605	\$ 509,138	\$ 813,369	\$ 1,736,374
CalPERS	1,167,633	-	291,908	875,725
OPEB Related	265,007	1,304,894	198,401	1,371,500
Total Governmental Activities	<u>3,473,245</u>	<u>1,814,032</u>	<u>1,303,678</u>	<u>3,983,599</u>
<u>Business Type Activities:</u>				
Pension Related				
CalSTRS	201,696	86,186	91,142	196,740
CalPERS	366,477	-	161,085	205,392
OPEB Related	16,573	321,205	64,015	273,763
Total Business Type Activities	<u>584,746</u>	<u>407,391</u>	<u>316,242</u>	<u>675,895</u>
Total Deferred Outflows of Resources	<u>\$ 4,057,991</u>	<u>\$ 2,221,423</u>	<u>\$ 1,619,920</u>	<u>\$ 4,659,494</u>

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

Future amortization of deferred inflows is as follows:

Year Ended June 30,	Governmental Activities		
	Pension Related	OPEB Related	Total
2022	\$ 704,251	\$ 198,401	\$ 902,652
2023	703,287	198,401	901,688
2024	703,152	198,401	901,553
2025	217,686	207,425	425,111
2026	210,989	163,724	374,713
Thereafter	72,734	405,148	477,882
Total	<u>\$ 2,612,099</u>	<u>\$ 1,371,500</u>	<u>\$ 3,983,599</u>

Year Ended June 30,	Business Type Activities		
	Pension Related	OPEB Related	Total
2022	\$ 252,245	\$ 64,015	\$ 316,260
2023	89,131	64,015	153,146
2024	41,437	64,015	105,452
2025	17,980	64,430	82,410
2026	1,069	5,623	6,692
Thereafter	270	11,665	11,935
Total	<u>\$ 402,132</u>	<u>\$ 273,763</u>	<u>\$ 675,895</u>

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

U. Upcoming Accounting Guidance

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

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

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

Del Mar Union School District

Notes to the Financial Statements, Continued

June 30, 2021

V. COVID-19 Considerations

In March 2020 the World Health Organization declared the outbreak of the novel coronavirus COVID-19 a global pandemic. The nature of the pandemic resulted in a mandatory school property closure affecting the Del Mar Union School District from March 16, 2020 and continuing into the Fall of the 2020-21 school year. California Governor Gavin Newsom issued a state-wide executive order mandating that schools remain closed until the county in which the school is located is off the COVID-19 watch list for fourteen consecutive days. The 2020-21 fiscal year began in a fully distance learning model, until such time as campuses were reopened for in-person instruction on September 8, 2020. The district provided flexibility to families by offering both in-person and distance learning options.

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

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

Required Supplementary Information

Del Mar Union School District

Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance to Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
LCFF Sources				
State Apportionment	\$ 1,053,315	\$ 1,170,350	\$ 1,170,350	\$ -
Education Protection Account	802,600	802,600	802,542	(58)
Property Taxes	53,096,181	53,226,824	53,213,003	(13,821)
Federal Revenue	1,313,820	5,806,655	5,657,234	(149,421)
Other State Revenue	4,192,370	6,095,501	7,373,055	1,277,554
Investment Income	179,396	179,396	236,430	57,034
Other Local Revenue	3,239,088	3,475,773	3,697,365	221,592
Total Revenues	<u>63,876,770</u>	<u>70,757,099</u>	<u>72,149,979</u>	<u>1,392,880</u>
Expenditures				
Current Expenditures:				
Certificated Salaries	30,902,580	34,344,609	34,299,013	45,596
Classified Salaries	8,443,815	8,913,211	8,895,146	18,065
Employee Benefits	15,391,396	16,835,009	16,490,019	344,990
Books and Supplies	1,764,453	3,043,339	2,535,521	507,818
Services and Other Operating	5,674,784	5,700,276	5,507,942	192,334
Other Outgo	20,000	20,000	18,251	1,749
Capital Outlay	546,000	539,382	657,190	(117,808)
Debt Service				
Principal	381,004	297,350	301,515	(4,165)
Interest	10,662	16,027	16,563	(536)
Total Expenditures	<u>63,134,694</u>	<u>69,709,203</u>	<u>68,721,160</u>	<u>988,043</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>742,076</u>	<u>1,047,896</u>	<u>3,428,819</u>	<u>2,380,923</u>
Other Financing Sources (Uses)				
Interfund Transfers In	-	-	-	-
Interfund Transfers Out	(742,076)	(966,845)	(952,068)	14,777
Proceeds from Capital Leases	-	-	127,553	127,553
Net Financing Sources (Uses)	<u>(742,076)</u>	<u>(966,845)</u>	<u>(824,515)</u>	<u>142,330</u>
Net Change in Fund Balance	-	81,051	2,604,304	2,523,253
Fund Balance - Beginning of Year	15,190,092	15,190,092	15,190,092	-
Fund Balance - End of Year	<u>\$ 15,190,092</u>	<u>\$ 15,271,143</u>	<u>\$ 17,794,396</u>	<u>\$ 2,523,253</u>

See Accompanying Notes to Required Supplementary Information

Del Mar Union School District

Schedule of the District's Proportionate Share of the Net Pension Liability - CalSTRS

Last Ten Fiscal Years*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset)	0.0531%	0.0527%	0.0539%	0.0530%	0.0512%	0.0542%	0.0522%	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 51,424,787	\$ 47,597,365	\$ 49,523,165	\$ 48,997,884	\$ 41,411,776	\$ 36,459,211	\$ 30,524,550	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	34,479,629	27,669,694	28,636,508	28,636,508	25,447,653	19,718,501	16,850,259	N/A	N/A	N/A
Total	<u>\$ 85,904,416</u>	<u>\$ 75,267,059</u>	<u>\$ 78,159,673</u>	<u>\$ 77,634,392</u>	<u>\$ 66,859,429</u>	<u>\$ 56,177,712</u>	<u>\$ 47,374,809</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
District's covered payroll**	32,666,930	28,318,219	28,385,842	27,803,148	25,125,079	24,745,763	22,885,964	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	157.42%	168.08%	174.46%	176.23%	164.82%	147.34%	133.38%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%	76.52%	N/A	N/A	N/A

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

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

See Accompanying Notes to Required Supplementary Information

Del Mar Union School District

Schedule of the District's Contributions - CalSTRS

Last Ten Fiscal Years*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 5,392,768	\$ 5,586,045	\$ 4,610,206	\$ 4,129,320	\$ 3,524,138	\$ 2,729,535	\$ 2,222,307	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(5,392,768)	(5,586,045)	(4,610,206)	(4,129,320)	(3,524,138)	(2,729,535)	(2,222,307)	N/A	N/A	N/A
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
District's covered payroll**	\$ 33,391,752	\$ 32,666,930	\$ 28,318,219	\$ 28,385,842	\$ 27,803,148	\$ 25,125,079	\$ 24,745,763	N/A	N/A	N/A
Contributions as a percentage of covered payroll	16.15%	17.10%	16.28%	14.55%	12.68%	10.86%	8.98%	N/A	N/A	N/A

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

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

See Accompanying Notes to Required Supplementary Information

Del Mar Union School District

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

Last Ten Fiscal Years*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset)	0.0715%	0.0687%	0.0704%	0.0701%	0.0731%	0.0697%	0.0709%	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 21,931,342	\$ 20,013,358	\$ 18,762,857	\$ 16,740,449	\$ 14,430,024	\$ 10,273,359	\$ 8,049,024	N/A	N/A	N/A
District's covered payroll**	\$ 10,388,053	\$ 9,610,215	\$ 9,382,821	\$ 9,006,445	\$ 8,847,708	\$ 7,750,726	\$ 5,792,973	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	211.12%	208.25%	199.97%	185.87%	163.09%	132.55%	138.94%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%	83.38%	N/A	N/A	N/A

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

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

See Accompanying Notes to Required Supplementary Information

Del Mar Union School District

Schedule of the District's Contributions - CalPERS

Last Ten Fiscal Years*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 2,077,249	\$ 2,048,628	\$ 1,735,797	\$ 1,457,246	\$ 1,250,815	\$ 1,048,188	\$ 912,338	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(2,077,249)	(2,048,628)	(1,735,797)	(1,457,246)	(1,250,815)	(1,048,188)	(912,338)	N/A	N/A	N/A
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
District's covered payroll**	\$ 10,035,019	\$ 10,388,053	\$ 9,610,215	\$ 9,382,821	\$ 9,006,445	\$ 8,847,708	\$ 7,750,726	N/A	N/A	N/A
Contributions as a percentage of covered payroll	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%	N/A	N/A	N/A

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

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

See Accompanying Notes to Required Supplementary Information

Del Mar Union School District

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

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total OPEB liability:										
Service cost	\$ 958,817	\$ 779,577	\$ 750,495	\$ 701,951	N/A	N/A	N/A	N/A	N/A	N/A
Interest	427,942	430,732	433,844	368,638	N/A	N/A	N/A	N/A	N/A	N/A
Changes of benefit terms	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Experience differences	(1,087,796)	866,973	(410,554)	-	N/A	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	(25,779)	920,121	285,723	-	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(333,380)	(237,845)	(198,030)	(147,494)	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	(60,196)	2,759,558	861,478	923,095	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	15,729,665	12,970,107	12,108,629	11,185,534	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	<u>\$ 15,669,469</u>	<u>\$ 15,729,665</u>	<u>\$ 12,970,107</u>	<u>\$ 12,108,629</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Plan fiduciary net position:										
Contributions - employer	\$ 433,380	\$ 837,845	\$ 698,030	\$ -	N/A	N/A	N/A	N/A	N/A	N/A
Contributions - employee	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Net investment income	304,926	8,804	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(333,380)	(237,845)	(198,030)	-	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(1,080)	(591)	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Other expenses	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Net change in plan fiduciary net position	403,846	608,213	500,000	-	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position - beginning	1,108,213	500,000	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position - ending	<u>\$ 1,512,059</u>	<u>\$ 1,108,213</u>	<u>\$ 500,000</u>	<u>\$ -</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net OPEB liability	<u>\$ 14,157,410</u>	<u>\$ 14,621,452</u>	<u>\$ 12,470,107</u>	<u>\$ 12,108,629</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Plan fiduciary net position as a percentage of total OPEB liability	9.65%	7.05%	3.86%	0.00%						
Covered payroll	36,473,748	35,411,406	31,724,000	31,724,000	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB liability as a percentage of covered payroll	38.82%	41.29%	39.31%	38.17%	N/A	N/A	N/A	N/A	N/A	N/A

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

See Accompanying Notes to Required Supplementary Information

Del Mar Union School District

Schedule of District Contributions – DMUSD Retiree Health Benefit Plan

Last Ten Fiscal Years*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarial determined contributions (ADC)	\$ 1,362,107	\$ 1,176,253	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the ADC	(433,380)	(837,845)	(698,030)	(147,494)	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ 928,727	\$ 338,408	\$ (698,030)	\$ (147,494)	N/A	N/A	N/A	N/A	N/A	N/A
District's covered payroll**	36,473,748	35,411,406	31,724,000	31,724,000	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	1.188%	2.366%	2.200%	0.465%	N/A	N/A	N/A	N/A	N/A	N/A

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

See Accompanying Notes to Required Supplementary Information

Del Mar Union School District

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

Budgetary Comparison Schedule – General Fund

As described in Note A to these financial statements, for purposes of reporting in conformity with GASB Statement No. 54, the District's Special Reserve Fund for Other than Capital Outlay (Fund 17) was included with the General Fund. The Budgetary Comparison Schedule included in the Required Supplementary Information is based on the legally adopted budget for the General Fund only.

General Fund - Basic Financial Statements Ending Fund Balance	\$ 19,315,483
Less Fund 17 Fund Balance	<u>(1,521,087)</u>
General Fund - Budgetary Comparison Schedule Ending Fund Balance	<u>\$ 17,794,396</u>
General Fund - Basic Financial Statements Net Change in Fund Balance	\$ 3,317,172
Less Fund 17 Net Change in Fund Balance	<u>(712,868)</u>
General Fund - Budgetary Comparison Schedule Net Change in Fund Balance	<u>\$ 2,604,304</u>

Excess of Expenditures Over Appropriations

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

<u>Appropriations Category</u>	<u>Excess Expenditures</u>	<u>Reason for Excess Expenditures</u>
General Fund:		
Capital Outlay	\$ 117,808	The District did not budget for new capital leases.
Debt Service - Principal	4,165	The District did not budget for new capital leases.
Debt Service - Interest	536	The District did not budget for new capital leases.

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

Del Mar Union School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2021

Schedule of District's Proportionate Share – CalSTRS

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

Schedule of District's Contributions – CalSTRS

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

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

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

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

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

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

Del Mar Union School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2021

Schedule of District's Proportionate Share – CalPERS

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

Schedule of District's Contributions – CalPERS

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

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

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

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

Del Mar Union School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2021

Schedule of Changes in the District's Net OPEB Liability and Related Ratios

- 1) Benefit Changes: The District made changes to benefit terms consistent with bargaining agreements.
- 2) Changes in Assumptions: Assumptions were updated based on changes in the discount rate and updated experience studies provided by CalSTRS and CalPERS.
- 3) The following are the discount rates used for each period:

<u>Year</u>	<u>Discount Rate</u>
2018	3.40%
2019	3.16%
2020	2.59%
2021	2.61%

Additional information can be obtained by requesting a copy of the OPEB Valuation from the District.

Schedule of District's Contributions to OPEB Plan

The District is funding OPEB contributions on a pay-as-you-go basis plus an amount determined by the board based on budgetary considerations through the OPEB Trust administered by CalPERS.

Combining Statements as Supplementary Information

Del Mar Union School District

Combining Balance Sheet – Nonmajor Governmental Funds

June 30, 2021

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total Nonmajor Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 1,461,347	\$ 7,333,004	\$ 7,186,009	\$ 15,980,360
Accounts Receivable	24,158	19,003	-	43,161
Due from Other Funds	123,938	-	-	123,938
Total Assets	<u>\$ 1,609,443</u>	<u>\$ 7,352,007</u>	<u>\$ 7,186,009</u>	<u>\$ 16,147,459</u>
Liabilities and Fund Balance				
Liabilities:				
Accounts Payable	\$ 25,023	\$ 351	\$ -	\$ 25,374
Due to Other Funds	125,000	-	-	125,000
Unearned Revenue	70,655	-	-	70,655
Total Liabilities	<u>220,678</u>	<u>351</u>	<u>-</u>	<u>221,029</u>
Fund Balance:				
Nonspendable Fund Balances	-	-	-	-
Restricted Fund Balances	311	853,103	7,186,009	8,039,423
Committed Fund Balances	1,388,454	-	-	1,388,454
Assigned Fund Balances	-	6,498,553	-	6,498,553
Unassigned Fund Balances	-	-	-	-
Total Fund Balance	<u>1,388,765</u>	<u>7,351,656</u>	<u>7,186,009</u>	<u>15,926,430</u>
	-	-	-	-
Total Liabilities and Fund Balance	<u>\$ 1,609,443</u>	<u>\$ 7,352,007</u>	<u>\$ 7,186,009</u>	<u>\$ 16,147,459</u>

Del Mar Union School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds June 30, 2021

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total Nonmajor Governmental Funds
Revenues				
Local Property Taxes	\$ 266,177	\$ -	\$ 5,512,906	\$ 5,779,083
Federal Revenue	116,157	-	-	116,157
Other State Revenue	7,019	-	-	7,019
Interest Income	10,377	66,103	74,232	150,712
FMV Adjustment	6,077	30,494	-	36,571
Other Local Revenue	275,679	1,059,904	166	1,335,749
Total Revenues	681,486	1,156,501	5,587,304	7,425,291
Expenditures				
Current Expenditures:				
Pupil Services	523,327	-	-	523,327
General Administration	-	9,870	-	9,870
Plant Services	-	456,082	-	456,082
Debt Service:				
Principal	-	-	6,905,000	6,905,000
Interest	-	-	3,828,144	3,828,144
Total Expenditures	523,327	465,952	10,733,144	11,722,423
Excess (Deficiency) of Revenues Over (Under) Expenditures	158,159	690,549	(5,145,840)	(4,297,132)
Other Financing Sources (Uses):				
Transfers In	123,938	-	3,739,725	3,863,663
Total Other Financing Sources (Uses)	123,938	-	3,739,725	3,863,663
Net Change in Fund Balance	282,097	690,549	(1,406,115)	(433,469)
Fund Balance, Beginning of Year	1,106,668	6,661,107	8,592,124	16,359,899
Fund Balance, End of Year	\$ 1,388,765	\$ 7,351,656	\$ 7,186,009	\$ 15,926,430

Del Mar Union School District

Combining Balance Sheet – Nonmajor Special Revenue Funds

June 30, 2021

	Cafeteria Fund	Deferred Maintenance Fund	Total Nonmajor Special Revenue Funds
Assets			
Cash and Cash Equivalents	\$ 74,831	\$ 1,386,516	\$ 1,461,347
Accounts Receivable	22,220	1,938	24,158
Due from Other Funds	123,938	-	123,938
Total Assets	<u>\$ 220,989</u>	<u>\$ 1,388,454</u>	<u>\$ 1,609,443</u>
Liabilities and Fund Balance			
Liabilities:			
Accounts Payable	\$ 25,023	\$ -	\$ 25,023
Due to Other Funds	125,000	-	125,000
Unearned Revenue	70,655	-	70,655
Total Liabilities	<u>220,678</u>	<u>-</u>	<u>220,678</u>
Fund Balance:			
Nonspendable Fund Balances	-	-	-
Restricted Fund Balances	311	-	311
Committed Fund Balances	-	1,388,454	1,388,454
Assigned Fund Balances	-	-	-
Unassigned Fund Balances	-	-	-
Total Fund Balance	<u>311</u>	<u>1,388,454</u>	<u>1,388,765</u>
Total Liabilities and Fund Balance	<u>\$ 220,989</u>	<u>\$ 1,388,454</u>	<u>\$ 1,609,443</u>

Del Mar Union School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Special Revenue Funds
June 30, 2021

	Cafeteria Fund	Deferred Maintenance Fund	Total Nonmajor Special Revenue Funds
Revenues			
Local Property Taxes	\$ -	\$ 266,177	\$ 266,177
Federal Revenue	116,157	-	116,157
Other State Revenue	7,019	-	7,019
Interest Income	534	9,843	10,377
FMV Adjustment	311	5,766	6,077
Other Local Revenue	275,679	-	275,679
Total Revenues	399,700	281,786	681,486
Expenditures			
Current Expenditures:			
Pupil Services	523,327	-	523,327
Total Expenditures	523,327	-	523,327
Excess (Deficiency) of Revenues Over (Under) Expenditures	(123,627)	281,786	158,159
Other Financing Sources (Uses):			
Transfers In	123,938	-	123,938
Total Other Financing Sources (Uses)	123,938	-	123,938
Net Change in Fund Balance	311	281,786	282,097
Fund Balance, Beginning of Year	-	1,106,668	1,106,668
Fund Balance, End of Year	\$ 311	\$ 1,388,454	\$ 1,388,765

Del Mar Union School District

Combining Balance Sheet – Nonmajor Capital Projects Funds

June 30, 2021

	Capital Facilities Fund	Special Reserve Fund for Capital Outlay	Total Nonmajor Capital Projects Funds
Assets			
Cash and Cash Equivalents	\$ 845,505	\$ 6,487,499	\$ 7,333,004
Accounts Receivable	7,949	11,054	19,003
Due from Other Funds	-	-	-
Total Assets	<u>\$ 853,454</u>	<u>\$ 6,498,553</u>	<u>\$ 7,352,007</u>
Liabilities and Fund Balance			
Liabilities:			
Accounts Payable	\$ 351	\$ -	\$ 351
Due to Other Funds	-	-	-
Unearned Revenue	-	-	-
Total Liabilities	<u>351</u>	<u>-</u>	<u>351</u>
Fund Balance:			
Nonspendable Fund Balances	-	-	-
Restricted Fund Balances	853,103	-	853,103
Committed Fund Balances	-	-	-
Assigned Fund Balances	-	6,498,553	6,498,553
Unassigned Fund Balances	-	-	-
Total Fund Balance	<u>853,103</u>	<u>6,498,553</u>	<u>7,351,656</u>
Total Liabilities and Fund Balance	<u>\$ 853,454</u>	<u>\$ 6,498,553</u>	<u>\$ 7,352,007</u>

Del Mar Union School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Capital Projects Funds
June 30, 2021

	Capital Facilities Fund	Special Reserve Fund for Capital Outlay	Total Nonmajor Capital Projects Funds
Revenues			
Interest Income	\$ 7,514	\$ 58,589	\$ 66,103
FMV Adjustment	3,516	26,978	30,494
Other Local Revenue	83,017	976,887	1,059,904
Total Revenues	<u>94,047</u>	<u>1,062,454</u>	<u>1,156,501</u>
Expenditures			
Current Expenditures:			
General Administration	9,870	-	9,870
Plant Services	-	456,082	456,082
Total Expenditures	<u>9,870</u>	<u>456,082</u>	<u>465,952</u>
Net Change in Fund Balance	<u>84,177</u>	<u>606,372</u>	<u>690,549</u>
Fund Balance, Beginning of Year	768,926	5,892,181	6,661,107
Fund Balance, End of Year	<u>\$ 853,103</u>	<u>\$ 6,498,553</u>	<u>\$ 7,351,656</u>

Del Mar Union School District

Combining Balance Sheet – Nonmajor Debt Service Funds

June 30, 2021

	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Nonmajor Debt Service Funds
Assets			
Cash and Cash Equivalents	\$ 7,186,009	\$ -	\$ 7,186,009
Accounts Receivable	-	-	-
Due from Other Funds	-	-	-
Total Assets	<u>\$ 7,186,009</u>	<u>\$ -</u>	<u>\$ 7,186,009</u>
Liabilities and Fund Balance			
Liabilities:			
Accounts Payable	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-
Unearned Revenue	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:			
Nonspendable Fund Balances	-	-	-
Restricted Fund Balances	7,186,009	-	7,186,009
Committed Fund Balances	-	-	-
Assigned Fund Balances	-	-	-
Unassigned Fund Balances	-	-	-
Total Fund Balance	<u>7,186,009</u>	<u>-</u>	<u>7,186,009</u>
Total Liabilities and Fund Balance	<u>\$ 7,186,009</u>	<u>\$ -</u>	<u>\$ 7,186,009</u>

Del Mar Union School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Debt Service Funds
June 30, 2021

	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Nonmajor Debt Service Funds
Revenues			
Local Property Taxes	\$ 5,512,906	\$ -	\$ 5,512,906
Interest Income	74,232	-	74,232
Other Local Revenue	166	-	166
Total Revenues	<u>5,587,304</u>	<u>-</u>	<u>5,587,304</u>
Expenditures			
Debt Service:			-
Principal	5,225,000	1,680,000	6,905,000
Interest	<u>1,768,419</u>	<u>2,059,725</u>	<u>3,828,144</u>
Total Expenditures	<u>6,993,419</u>	<u>3,739,725</u>	<u>10,733,144</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,406,115)</u>	<u>(3,739,725)</u>	<u>(5,145,840)</u>
Other Financing Sources (Uses):			
Transfers In	<u>-</u>	<u>3,739,725</u>	<u>3,739,725</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>3,739,725</u>	<u>3,739,725</u>
Net Change in Fund Balance	<u>(1,406,115)</u>	<u>-</u>	<u>(1,406,115)</u>
Fund Balance, Beginning of Year	<u>8,592,124</u>	<u>-</u>	<u>8,592,124</u>
Fund Balance, End of Year	<u>\$ 7,186,009</u>	<u>\$ -</u>	<u>\$ 7,186,009</u>

Other Supplementary Information

Del Mar Union School District

Local Education Agency Organization Structure

June 30, 2021

The Del Mar Union School District was established in 1906 and became a Union District in 1949. There were no changes in the boundaries of the district during the current fiscal year. The district is currently operating eight elementary schools.

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term and Term Expiration</u>
Erica Halpern	President	Four Year Term Expires December 2024
Gee Wah Mok, Esq.	Clerk	Four Year Term Expires December 2024
Katherine Fitzpatrick	Member	Four Year Term Expires December 2022
Doug Rafner, Esq.	Member	Four Year Term Expires December 2022
Scott Wooden, Ph.D.	Member	Four Year Term Expires December 2022

ADMINISTRATION

Holly McClurg, Ph.D.
Superintendent

Shelley Peterson
Assistant Superintendent
Instructional Services

Jason Romero
Assistant Superintendent
Human Resources

Catherine Birks
Assistant Superintendent
Business Services

Del Mar Union School District

Schedule of Instructional Time

Year Ended June 30, 2021

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

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

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

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

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

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

Instructional time for distance learning is calculated based on the time value of synchronous and/or asynchronous instruction and assignments made by and certified by a certificated employee of the LEA. Instructional time for in-person instruction is calculated based on time scheduled under the immediate physical supervision and control of a certificated employee of the LEA

Del Mar Union School District

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

<u>General Fund</u>	<u>Budget 2022 (See Note 1)</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenues and Other Financing Sources	\$ 67,925,091	\$ 72,277,532	\$ 65,072,766	\$ 64,539,160
Expenditures and Other Financing Uses	67,925,091	69,673,228	63,804,115	62,707,061
Net Change in Fund Balance	-	2,604,304	1,268,651	1,832,099
Ending Fund Balance	<u>\$ 17,794,396</u>	<u>\$ 17,794,396</u>	<u>\$ 15,190,092</u>	<u>\$ 13,921,441</u>
Available Reserves (See Note 2)	<u>\$ 16,361,451</u>	<u>\$ 16,358,290</u>	<u>\$ 14,681,830</u>	<u>\$ 13,346,799</u>
Available Reserves as a Percentage of Total Outgo	<u>24.09%</u>	<u>23.48%</u>	<u>23.01%</u>	<u>21.28%</u>
Long Term Debt (See Note 3)	<u>\$ 102,603,544</u>	<u>\$ 110,222,856</u>	<u>\$ 117,850,025</u>	<u>\$ 117,850,025</u>
Average Daily Attendance at P2	<u>3,826</u>	<u>N/A</u>	<u>4,013</u>	<u>4,140</u>

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

The general fund balance has increased by \$3,872,955 (27.82%) over the past two years. The fiscal year 2021-22 budget projects a decrease of \$0. For a district of this size, the State recommends available reserves of 3% of total general fund expenditures and other financing uses (total outgo).

Total long-term debt has decreased by \$7,627,169 over the past two years.

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

Notes:

1. Budget 2022 is included for analytical purposes only and has not been subjected to audit.
2. Available reserves consist of all assigned and unassigned fund balances contained within the general fund.
3. Long Term Debt consists of general obligation bonds, special tax bonds, and capital leases.
4. GASB Statement No. 54 requires the inclusion of the Special Reserve Fund for Other Than Capital Outlay (Fund 17) with the General Fund for reporting purposes only. This schedule has been prepared without the inclusion of Fund 17.

Del Mar Union School District

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

	General Fund (Fund 01)	Special Reserve Fund for Other Than Capital Outlay (Fund 17)
June 30, 2021, annual financial and budget report fund balances	<u>\$ 17,794,396</u>	<u>\$ 1,521,087</u>
Adjustments and reclassifications:		
Increasing (decreasing) the fund balance:		
GASB 54 Fund Presentation	<u>1,521,087</u>	<u>(1,521,087)</u>
Net adjustments and reclassifications	<u>1,521,087</u>	<u>(1,521,087)</u>
June 30, 2021, audited financial statement fund balances	<u>\$ 19,315,483</u>	<u>\$ -</u>
	Child Care Services Enterprise Fund (Fund 63)	
June 30, 2021, annual financial and budget report net position	<u>\$ (4,151,215)</u>	
Adjustments and reclassifications:		
Increasing (decreasing) the net position:		
Adjustments for current year activity with net OPEB liability	<u>349,908</u>	
Net adjustments and reclassifications	<u>349,908</u>	
June 30, 2021, audited financial statement net position	<u>\$ (3,801,307)</u>	

Note 1: The Special Reserve Fund for Other Than Capital Outlay (Fund 17) does not meet the definition of a special revenue fund under the provisions of GASB Statement No. 54. As a result, the fund is being combined with the General Fund for presentation in the basic financial statements.

Note 2: The final actuarial information necessary to report accurate OPEB liability and related deferred outflows and deferred inflows of resources was not available at the time the District closed the books. The information became available after the close of the books and the Childcare Services Enterprise Fund has been adjusted to reflect the most current information available.

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

Del Mar Union School District

Schedule of Charter Schools

Year Ended June 30, 2021

The Del Mar Union School District has not authorized any charter schools.

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

Del Mar Union School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Subrecipient Expenditures	Total Federal Expenditures
CHILD NUTRITION CLUSTER:				
<u>U.S. Department of Agriculture</u>				
Passed through California Department of Education				
National School Lunch Program	10.555	13523	\$ -	\$ 115,582
Total Child Nutrition Cluster			-	115,582
SPECIAL EDUCATION (IDEA) CLUSTER:				
<u>U.S. Department of Education</u>				
Passed through California Department of Education				
IDEA Basic Local Assistance	84.027	13379	-	782,886
IDEA Local Assistance - Private Schools	84.027	10015	-	11,721
IDEA Mental Health	84.027	13430	-	46,960
IDEA Preschool	84.173	13430	-	37,303
IDEA Preschool Staff Development	84.173	13431	-	353
Total Special Education (IDEA) Cluster			-	879,223
OTHER PROGRAMS:				
<u>U.S. Department of the Treasury</u>				
Passed through California Department of Education				
CARES Act - Learning Loss Mitigation Fund	21.019	25516	-	1,492,072
<u>U.S. Department of Education</u>				
Passed through California Department of Education				
Title I	84.010	14329	-	270,329
Title III	84.365	14346	-	69,326
Title II Supporting Effective Instruction	84.367	14341	-	68,643
COVID CARES Act Supplemental Meal Reimbursement	84.425	15535	-	576
Governor's Emergency Education Relief	84.425C	15517	-	281,987
Elementary & Secondary School Emergency Relief	84.425D	15536	-	107,469
Elementary & Secondary School Emergency Relief II	84.425D	15547	-	812,641
Elementary & Secondary School Emergency Relief III	84.425D	15559	-	1,456,063
Elementary & Secondary School Emergency Relief - Learning Loss	84.425U	10155	-	219,480
Total Other Programs			-	4,778,586
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 5,773,391

See accompanying notes to schedule of expenditures of federal awards.

Del Mar Union School District

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

Basis of Presentation

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

Summary of Significant Accounting Policies

The expenditures reported on the schedule are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Indirect Cost Rate

Indirect costs were calculated in accordance with 2 CFR §200.412 *Direct and Indirect Costs*. The District used an indirect cost rate of 6.70% based on the rate approved by the California Department of Education for each program which did not have a pre-defined allowable indirect cost rate. The District did not elect to use the 10% de minimis cost rate as covered in 2 CFR §200.414 *Indirect Costs*. The following programs utilized a lower indirect cost rate based on program restrictions or other factors determined by the District:

Program	CFDA #	Indirect Cost Rate
Child Nutrition Cluster	10.555	0.00%
CARES Act - Learning Loss Mitigation Fund	21.019	0.00%
Special Education Cluster	84.027, 84.173	0.00%
Title III	84.365	5.17%
Title II Supporting Effective Instruction	84.367	6.18%
COVID CARES Act Supplemental Meal Reimbursement	84.425	0.00%
Governor's Emergency Education Relief	84.425C	0.00%
Elementary & Secondary School Emergency Relief	84.425D	0.00%
Elementary & Secondary School Emergency Relief II	84.425D	0.00%
Elementary & Secondary School Emergency Relief III	84.425D	0.00%
Elementary & Secondary School Emergency Relief - Learning Loss	84.425U	0.00%

Schoolwide Programs

The District does not operate a school-wide program at any school site.

Personal Protective Equipment (PPE)

As a result of the COVID-19 Pandemic the District received personal protective equipment (PPE) valued at \$55,000 from the federal government.

Reconciliation of Revenues

There are no differences between amounts reported as federal revenues and federal expenditures.

Other Independent Auditors' Reports

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

To the Governing Board of Trustees
Del Mar Union School District
San Diego, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Del Mar Union School District (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Del Mar Union School District's basic financial statements, and have issued our report thereon dated January 31, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Wilkinson Hadley King & Co LLP

El Cajon, California
January 31, 2022

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

To the Governing Board of Trustees
Del Mar Union School District
San Diego, California

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Wilkinson Hadley King & Co LLP

El Cajon, California
January 31, 2022

Independent Auditor's Report on State Compliance

To the Governing Board of Trustees
Del Mar Union School District
San Diego, California

Report on State Compliance

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

Management's Responsibility for State Compliance

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each applicable program as identified in the State's Audit Guide *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance*, prescribed in Title 5, *California Code of Regulations*, Section 19810. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the comptroller General of the United States; and the State's audit guide *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810. Those standards and audit guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state programs noted below. An audit includes examining, on a test basis, evidence about each school's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

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

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

Opinion on State Compliance

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

Purpose of this Report

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

Wilkinson Hadley King & Co LLP

El Cajon, California
January 31, 2022

Auditor's Results, Findings & Recommendations

Del Mar Union School District

Schedule of Auditor's Results

Year Ended June 30, 2021

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weakness(es) identified? Yes X No

One or more significant deficiencies identified that are not considered material weakness(es)? Yes X No

Noncompliance material to financial statements noted? Yes X No

FEDERAL AWARDS

Internal control over major programs:

One or more material weakness(es) identified? Yes X No

One or more significant deficiencies identified that are not considered material weakness(es)? Yes X No

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

Compliance supplement utilized for single audit July 2021
with December 2021 Addendum

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I
84.425	COVID CARES Act Supplemental Meal Reimbursement
84.425C	Governor's Emergency Education Relief
84.425D	Elementary & Secondary School Emergency Relief
84.425D	Elementary & Secondary School Emergency Relief II
84.425D	Elementary & Secondary School Emergency Relief III
84.425U	Elementary & Secondary School Emergency Relief - Learning Loss

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

Auditee qualified as low-risk auditee? Yes X No

STATE AWARDS

Any audit findings disclosed that are required to be reported in accordance with *2020-21 Guide for Annual Audits of California K-12 Local Education Agencies?* Yes X No

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

Del Mar Union School District

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

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

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

A. Financial Statement Findings

None

B. Federal Awards

None

C. State Award Findings

None

Del Mar Union School District

Schedule of Prior Year Audit Findings

Year Ended June 30, 2021

Finding/Recommendation	Status	Explanation if Not Implemented
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There were no audit findings reported for the fiscal year ended June 30, 2020.