

Chula Vista Elementary School District

County of San Diego
Chula Vista, California

Audit Report

June 30, 2019



WILKINSON HADLEY
KING & CO. LLP
CPAs AND ADVISORS



Introductory Section

Chula Vista Elementary School District
 Audit Report
 For The Year Ended June 30, 2019

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Financial Section



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Independent Auditor's Report

To the Board of Trustees
Chula Vista Elementary School District
Chula Vista, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Chula Vista Elementary School District ("the District") as of and for the year ended June 30, 2019, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Chula Vista Elementary School District as of June 30, 2019, 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 opinions on the financial statements that collectively comprise the Chula Vista Elementary School District's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis as required by the State's audit guide, *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations*, Section 19810 and is also not a required part of the basic financial statements.

The combining financial statements and other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic 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 December 6, 2019 on our consideration of Chula Vista Elementary 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 Chula Vista Elementary School District's internal control over financial reporting and compliance.

Wilkinson Hadley King + Co LLP

El Cajon, California
December 6, 2019

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2019
(Unaudited)

This section of the Chula Vista Elementary School District's (CVESD) annual financial report presents the discussion and analysis of the District's financial performance during the fiscal year that ended June 30, 2019. This Management Discussion and Analysis (MD&A) should be read in conjunction with the District's financial statements that immediately follow this section.

FINANCIAL HIGHLIGHTS

- In 2018-19, the District's net position was <\$23,065,217>. The negative net position is primarily attributable to Governmental Accounting Standards Board (GASB) Statement No.68 which requires Districts to report its portion of the Net Pension Liability beginning with the 2016-17 fiscal year. The net position liability represents the District's proportionate share of CalSTRS and CalPERS liabilities.
- Overall revenues were \$377,042,875 with overall expenditures at \$394,242,612.
- Total District annual average daily attendance (ADA), including 5 dependent charters, decreased by 270 ADA from 28,621 to 28,351. The 5 charters decreased by 5 ADA and the 41 District schools decreased by 265 ADA.
- In 2018-19, there were eight charter schools in the District with approximately 6,820 ADA. Five charter schools—Arroyo Vista, Chula Vista Learning Community, Discovery, Feaster, and Mueller—are included in the District's audit with 5,984 ADA. The sixth charter – Leonardo da Vinci Health Sciences with 252 ADA began operations in 2009-10 as a K-6 charter school organized under the Nonprofit Public Benefit Corporation Law. The seventh charter—Howard Gardner Community Charter School with 207 ADA began operations in 2012-13 as a K-8 charter school organized under the Nonprofit Public Benefit Corporation Law. The eighth charter—Learning Choice Academy with 377 ADA began operations in 2018-19 as a K-12 charter school organized under the Nonprofit Public Benefit Corporation Law. The District's audit does not contain financial information for Leonardo da Vinci Health Science, Howard Gardner Community Charter School and Learning Choice Academy.
- The District records its Other Post-Employment Benefits (OPEB) costs, such as retiree healthcare costs, in compliance with GASB Statement No. 75. The District opened an irrevocable trust fund in 2008-09 through CalPERS to fund its OPEB obligation.
- The District records its ending fund balances in compliance with GASB Statement No. 54.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: (1) the MD&A (this section), (2) basic financial statements, and (3) required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are *Districtwide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District and report the District's operations in more detail than the Districtwide financial statements.
 - The *governmental funds* statements tell how basic services, such as general and special education, were financed in the short term as well as what remains for future spending.
 - *Proprietary funds* statements offer short-term and long-term financial information about the activities the District operates like businesses.
 - *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2019
(Unaudited)

The financial statements also include notes that explain some of the 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 with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

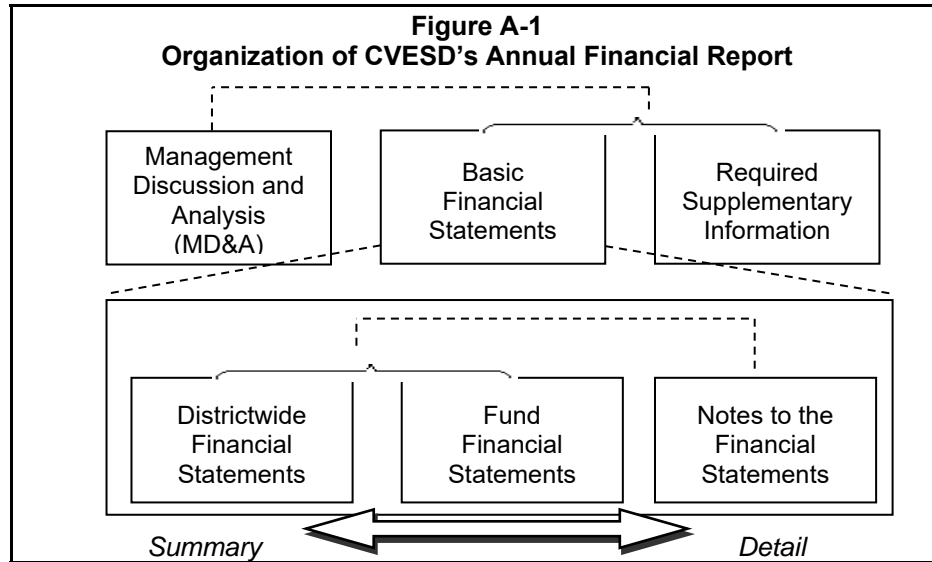


Figure A-2 summarizes the major features of the District's financial statements including the portion of the District's activities they cover and the types of information they contain.

The remainder of this overview section of the MD&A highlights the structure and contents of each of the statements.

Districtwide Statements

Figure A-2
Major Features of the Districtwide and Fund Financial Statements

<i>Type of Statements</i>	Districtwide	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope.</i>	Entire District except fiduciary activities.	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance.	Activities the District operates similar to private businesses, such as food services.	Instances in which the District administers resources on behalf of others, such as scholarship programs and student activities monies.
	Statement of net position	Balance sheet.	Statement of net position	Statement of fiduciary net position.
<i>Required financial statements.</i>	Statement of activities.	Statement of revenues, expenditures, and changes in fund balances.	Statement of revenues, expenditures, and changes in fund net position Statement of cash flows.	Statement of changes in fiduciary net position
<i>Accounting basis and measurement focus.</i>	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
<i>Type of asset/liability information.</i>	All assets and liabilities, both financial and capital, short-term and long-term.	Only assets expected to be fully used and liabilities that come due during the year or soon thereafter; no capital assets included.	All assets and liabilities, both financial and capital, short-term and long-term.	All assets and liabilities, both short-term and long-term. GASB funds do not currently contain nonfinancial assets, though they can.
<i>Type of inflow/outflow information.</i>	All revenues and expenses during the year regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during the year regardless of when cash is received or paid.	All revenues and expenses during the year regardless of when cash is received or paid.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2019
(Unaudited)

The Districtwide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The statement of net position includes all the District's assets, deferred outflow of resources, liabilities and deferred inflow of resources. All the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash was received or paid.

The two Districtwide statements report the District's net position and how it has changed. Net position—the difference between the District's assets plus deferred outflow of resource and liabilities plus deferred inflow of resource—is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are indicators of whether its financial position is improving or deteriorating, respectively.
- To assess the overall financial health of the District, one must consider additional factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the Districtwide financial statements, the District's activities are divided into two categories:

- Governmental activities. All the District's basic services are included here, such as general and special education, transportation, and administration. Property taxes and the Local Control Funding Formula finance most of these activities.
- Business-type activities. The District does not operate any business-type activities.

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 by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, such as repaying its long-term debts, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds.

- Governmental funds. Most of the District's basic services are included in governmental funds, which generally focus on: (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the Districtwide statements, additional information is provided at the bottom of the governmental funds statements that explains the relationships (or differences) among them.
- Proprietary funds. Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as Districtwide statements. Enterprise funds or internal service funds are the two types of proprietary funds. The District does not operate any enterprise funds.

Internal service funds are used to report activities that provide supplies and services for the District's other programs and activities. The District currently accounts for Workers' Compensation Self

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2019
(Unaudited)

Insured Activities and Other Post-Employment Benefits Insurance Activities in the self-insurance fund.

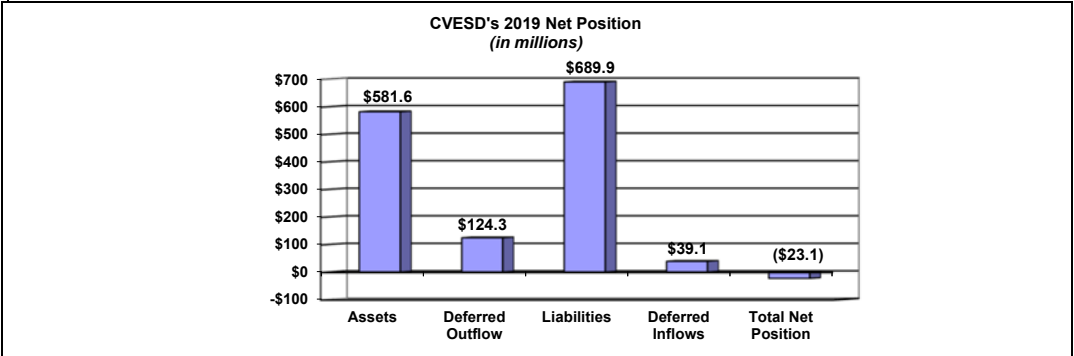
- **Fiduciary funds.** For assets that belong to others, such as student activities funds, the District is the trustee or fiduciary. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These fiduciary funds are excluded from the District wide financial statements because the District cannot use assets in these funds to finance its operations. The District currently reports two fiduciary funds, the OPEB Trust Fund and Student Body Fund.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE
Net Position

The District's combined net position of <\$23,065,217> decreased by \$17,199,737 from the net position of previous year. The Statement of Net Position (see Table A-1) provides the perspective of the District as a whole. All the data is from the District's governmental activities. The District does not operate any business-like entities.

Table A-1
CVESD's Net Position
June 30,
(in millions)

	Governmental Activities		Increase (Decrease)
	<u>2019</u>	<u>2018</u>	
Current and Other Assets	\$ 169.6	\$ 204.6	(17%)
Capital Assets	<u>412.0</u>	<u>393.8</u>	5%
Total Assets	\$ 581.6	\$ 598.4	(2.8%)
Deferred Outflows of Resources	\$124.3	\$117.1	6%
Long-Term Debt Outstanding	671.6	653.7	3%
Other Liabilities	<u>18.3</u>	<u>26.8</u>	(32%)
Total Liabilities	\$ 689.9	\$ 680.5	1%
Deferred Inflows of Resources	\$39.1	\$40.9	(4%)
Net Position			
Invested in Capital Assets Net of Related Debt	196.6	122.5	60%
Restricted	77.4	26.0	198%
Unrestricted	<u>(297.1)</u>	<u>(154.4)</u>	92%
Total Net Position	(\$23.1)	(\$5.9)	292%



The District's declined financial position, resulting in a decrease in net position of approximately \$17.2 million is the product of several factors.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2019
(Unaudited)

- Total assets decreased by approximately \$16.8 million. The change is due to a decrease of \$35.0 million in current assets which was offset by an \$18.2 million increase in capital asset resulting from the modernization of Harborside Elementary, Karl H. Kellogg Elementary, John J. Montgomery Elementary and Sunnyside Elementary. The modernization project is primarily funded by Proposition E School Facilities Improvement District (SFID) No. 1 General Obligation Bond. Current assets includes cash, accounts receivable and inventory.
- Long-term outstanding debt increase by approximately \$17.9 million primarily due to a \$37.9 million increase in net pension liability and net other post-employment benefit (OPEB) obligation. The increase is reduced by a decrease of \$20.1 million due to debt service payments for long-term issuances, such as general obligation bonds and certificates of participation (COPs).
- Deferred Outflow of resources increased by \$7.2 million while deferred inflow of resources decreased by \$1.8 million. The changes in deferred outflow and inflow of resources is mainly due to deferrals associated with pension and other post-employment benefits.

Changes in Net Position

The District's total revenues decreased by approximately 1 percent to \$377,042,875 (see Table A-2). General revenues increased by approximately \$8.2 million due to increased property taxes, interest and investment earnings. The increase is offset by a decrease of \$10.1 million in program revenues. Approximately 77 percent of the total revenue represents property taxes and state/federal formula aid not restricted for specific purposes, 12 percent was received as state and federal aid for specific operating grants, and the remainder represents miscellaneous revenues and charges for services.

	Governmental Activities		Percentage Increase (Decrease)
	2019	2018	
Revenues			
General Revenues	\$ 324.2	\$ 316.0	3%
Program Revenues	<u>52.8</u>	<u>62.9</u>	(16)%
Total Revenues	\$ 377.0	\$ 378.9	(1%)
Expenses			
Instruction/Instruction Related	\$ 276.1	\$ 266.7	4%
Pupil Services	49.2	46.9	5%
General Administration	57.7	56.2	3%
Other Outgo	<u>11.2</u>	<u>11.1</u>	1%
Total Expenses	\$ 394.2	\$ 380.9	3%
Increase (Decrease)	(\$17.2)	(\$2.0)	

The total cost of all programs increased by \$13.3 million or 3 percent to \$394.2 million. 83 percent of District expenses (instruction/instruction related and pupil services) directly supports the education and care of students (see Table A-2). General Administration expenses includes data processing services, maintenance and operations, ancillary services, and community services. The purely administrative activities (other administration and data processing services) account for just 3 percent of total costs. Other Outgo represents interest on long term debt and payments to the county office of education for student services.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
Management Discussion and Analysis
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(Unaudited)

In 2019, total expenses exceeded revenues by approximately \$17.2 million. In 2018, expenses exceeded revenues by \$2.0 million.

Governmental Activities

Revenues from the District's governmental activities decreased by approximately 1 percent, while total expenses increased by approximately 3 percent. Total government revenues were \$377,042,875 (see Table A-3) while government expenditures were \$394,242,612 (see Table A-4).

Table A-3					
Revenue for Governmental Activities					
Year Ended June 30,					
(in millions)					
	<u>2019</u>	<u>Percentage</u>	<u>2018</u>	<u>Percentage</u>	<u>Increase (Decrease)</u>
Program Revenues	\$ 52.8	14%	\$ 62.9	17%	(\$ 10.1)
General Revenues	<u>324.2</u>	86%	<u>316.0</u>	83%	<u>8.2</u>
Total	\$377.0		\$ 378.9		(\$ 1.9)

Property taxes and federal and state aid represent over 89 percent of general revenues with the remaining 11 percent of general revenues consisting of interest earnings, other agency transfers, and miscellaneous income. Program revenues consist of 89 percent from federal, state, and local operating grants and contributions and 11 percent from charges for services.

The table below presents a two-year cost comparison of six of the District's largest functions: instruction, instruction related, pupil services, general administration, plant services, and other (which includes interest on long-term debt and other outgo).

Table A-4						
Expenditures for Governmental Activities						
Year Ended June 30,						
(in millions)						
<u>Function</u>	<u>Total Cost of Services</u>		<u>Percentage Increase (Decrease)</u>	<u>Net Cost of Services</u>		<u>Percentage Increase (Decrease)</u>
	<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>	
Instruction	\$ 237.4	\$ 227.0	5%	\$214.5	\$197.3	9%
Instruction Related	38.7	39.7	(3%)	33.9	33.6	1%
Pupil Services	49.2	46.9	5%	31.3	28.1	11%
General Administration	13.4	13.0	3%	12.2	11.7	4%
Plant Services	44.3	43.2	3%	41.1	36.6	12%
Other	<u>11.2</u>	<u>11.1</u>	<u>1%</u>	<u>8.5</u>	<u>10.7</u>	<u>(21%)</u>
Total	\$ 394.2	\$ 380.9	3%	\$341.5	\$ 318.0	7%

Table A-4 also shows the net cost of each function. The net cost is the total cost of each function less program revenues. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions associated with each function.

- The cost of all governmental functions this year was \$394.2 million, an increase of 3 percent.
- Net costs of services were \$341.5 million, representing a decrease of 7 percent.
- Most of the District's net costs of \$341.5 million are paid from taxes levied for general purposes (\$117.90 million) and federal and state aid not restricted for specific purposes (\$171.10 million).

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2019
(Unaudited)

- Specific administrative costs, such as data processing and other general and administrative costs have remained constant, representing approximately 3 percent of all expenditures from the years 2009-10 through 2018-19.

Business-Type Activities

The District did not operate any business-type activities.

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

The financial performance as a whole is reflected in the District’s governmental funds. As the District completed the year, the governmental funds reported a combined fund balance of \$140.9 million.

General Fund Budgetary Highlights

Table A-5 presents a comparison of revenues, expenditures, and other sources/uses from the adopted budget to the year-end budget.

Table A-5			
Budget to Actual Variances			
Year Ended June 30, 2018			
<i>(in millions)</i>			
	<u>Adopted Budget</u>	<u>Year-End Budget</u>	<u>Actuals</u>
Total Revenues	\$277.4	\$279.7	\$292.5
Total Expenditures	(283.4)	(285.2)	(294.3)
Total Other Sources/Uses	<u>0.0</u>	<u>0.0</u>	<u>0.1</u>
Net Increase/(Decrease) in Fund Balance	(\$6.0)	(\$5.5)	(\$1.7)

Over the course of the year, the District revised the annual operating budget several times. The budget amendments generally fell into the following categories.

- The net increase in total revenues from the adopted budget to the year-end estimated budget was approximately \$2.3 million and was due primarily to the increase in revenues from the local control funding formula.
- The net increase in total expenditures from the adopted budget to the year-end estimated budget was \$1.8 million was due mostly to the increase in salaries and benefits.

A comparison of the District’s 2018-19 general fund ending balance and the final budgeted fund balance showed a \$3.6 million increase in the ending fund balance. The major factor that led to the increase is noted below.

- An increase in restricted categorical revenue and decrease in restricted categorical expenditures account for majority of the change.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of June 30, 2019, the District had invested \$634.7 million (before depreciation) in a broad range of capital assets including school buildings, school sites, computer equipment, and other building improvements.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2019
(Unaudited)

Table A-6			
CVESD Capital Assets			
June 30,			
(net of depreciation, in millions)			
	<u>Governmental Activities</u>		<u>Percentage Increase (Decrease)</u>
	<u>2019</u>	<u>2018</u>	
Land	\$ 40.3	\$ 40.3	0%
Construction in Progress	9.3	15.0	(38%)
Site Improvement	7.1	7.6	(7%)
Buildings	350.7	326.1	8%
Equipment and Furniture	<u>4.6</u>	<u>4.8</u>	<u>(4%)</u>
Total	\$ 412.0	\$ 393.8	5%

The \$412 million in net capital assets at June 30, 2019, represents an increase of approximately \$18.2 million or 5 percent from last year (see Table A-6). Total depreciation increased by \$14.3 million from last year. More detailed information about capital assets can be found in the notes to the financial statements.

Long-Term Debt

At year-end, the District had over \$671.6 million outstanding debt in general obligation bonds, certificates of participation (COPs), capital leases and other outstanding long-term debt (see Table A-7), which represents an increase of approximately \$17.9 million from last year. More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

Table A-7			
CVESD Outstanding Long-Term Debt			
June 30,			
(in millions)			
	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>
General Obligation Bonds	\$ 128.0	\$134.0	(\$6.0)
Certificates of Participation	145.3	159.4	(14.1)
Capital Lease	0.4	0.3	0.1
Net Pension Liability	361.6	334.9	26.7
Net Other Post-Employment Benefits Obligation	34.9	23.7	11.2
Other	<u>1.4</u>	<u>1.4</u>	<u>0.0</u>
Total	\$ 671.6	\$ 653.7	\$ 17.9

- Governmental Accounting Standards Board (GASB) Statement No.68 requires Districts to report its portion of the Net Pension Liability. The net position liability represents the District's proportionate share of CalSTRS and CalPERS liabilities. In 2018-19, the net pension liability increased by \$26.7 million.
- The implementation of GASB Statement 75 resulted in a change in calculation and recognition of the net OPEB liability as well as deferred outflows and deferred inflows of resources associated with OPEB.
- Bond rating information. The District maintains an "A+" rating from Standard & Poor's for the COPs issuance that closed in March 2016. The District maintains an "AA-" rating from Standard & Poor's for the 2019 General Obligation Bond Anticipation Notes issuance that closed in August 7, 2019.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2019
(Unaudited)

- Limitation on debt. The state limits the amount of debt a district can issue to 1.25 percent of the assessed value of property within a district's boundaries. CVESD's combined direct debt ratio was 0.35 percent as of June 30, 2019.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could significantly affect its financial health in the future.

- The escalating employer pension costs continue to cause a material impact to the District.
- The District will continue to monitor the local housing market and its effect on District enrollment.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to determine the District's accountability for the money it receives. Additional financial information can be obtained by contacting the following:

Office of the Deputy Superintendent
Chula Vista Elementary School District
84 East "J" Street
Chula Vista, CA 91910

Basic Financial Statements

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 JUNE 30, 2019

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 151,580,401
Receivables	16,856,108
Stores	812,651
Prepaid Expenses	309,606
Capital Assets:	
Land	40,352,913
Improvements	15,103,114
Buildings	551,388,247
Equipment	18,546,275
Work in Progress	9,347,036
Less Accumulated Depreciation	(222,672,814)
Total Assets	<u>581,623,537</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>124,272,363</u>
LIABILITIES	
Accounts Payable and Other Current Liabilities	17,220,252
Unearned Revenue	1,092,779
Long-Term Liabilities:	
Due Within One Year	16,493,556
Due in More Than One Year	655,117,843
Total Liabilities	<u>689,924,430</u>
DEFERRED INFLOWS OF RESOURCES	<u>39,036,687</u>
NET POSITION	
Net Investment in Capital Assets	196,654,741
Restricted for:	
Capital Projects	59,703,412
Debt Service	9,142,474
Educational Programs	2,579,256
Other Purposes (Expendable)	4,679,582
Other Purposes (Nonexpendable)	1,264,107
Unrestricted	(297,088,789)
Total Net Position	<u>\$ (23,065,217)</u>

The accompanying notes are an integral part of this statement.

CHULA VISTA ELEMENTARY SCHOOL DISTRICTSTATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental Activities:					
Instruction	\$ 237,458,310	\$ 124,548	\$ 22,854,313	\$ -	\$ (214,479,449)
Instruction-Related Services:					
Instructional Supervision and Administration	10,456,289	195,464	4,366,050	-	(5,894,775)
Instructional Library, Media and Technology	5,554,742	58,889	223,507	-	(5,272,346)
School Site Administration	22,674,757	66,563	(134,813)	-	(22,743,007)
Pupil Services:					
Home-to-School Transportation	8,434,533	4,361	(27,751)	-	(8,457,923)
Food Services	12,462,280	1,832,949	10,619,134	-	(10,197)
All Other Pupil Services	28,306,801	16,741	5,443,949	-	(22,846,111)
General Administration:					
Centralized Data Processing	2,653,027	-	(22,597)	-	(2,675,624)
All Other General Administration	10,852,470	87,158	1,281,702	-	(9,483,610)
Plant Services	38,955,226	1,484	310,212	-	(38,643,530)
Ancillary Services	4,226,815	1,512,879	590,794	-	(2,123,142)
Community Services	869,231	165,011	581,387	-	(122,833)
Enterprise Activities	172,116	-	(2,453)	-	(174,569)
Interest on Long-Term Debt	9,884,466	-	-	-	(9,884,466)
Other Outgo - Transfers of Services	1,281,549	1,698,318	991,939	-	1,408,708
Total Expenses	<u>\$ 394,242,612</u>	<u>\$ 5,764,365</u>	<u>\$ 47,075,373</u>	<u>\$ -</u>	<u>\$ (341,402,874)</u>
General Revenues:					
Taxes and Subventions:					
Taxes Levied for General Purposes					106,686,776
Taxes Levied for Debt Service					10,100,460
Taxes Levied for Other Specific Purposes					1,113,045
Federal and State Aid Not Restricted to Specific Programs					171,116,034
Interest and Investment Earnings					2,443,346
Interagency Revenues					10,966,150
Miscellaneous					21,777,326
Total General Revenues					<u>\$ 324,203,137</u>
Change in Net Position					(17,199,737)
Net Position Beginning					(5,865,480)
Net Position Ending					<u><u>\$ (23,065,217)</u></u>

The accompanying notes are an integral part of this statement.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2019

	General Fund	Charter School Fund
	<u> </u>	<u> </u>
ASSETS:		
Cash in County Treasury	\$ 39,112,394	\$ 19,682,237
Cash on Hand and in Banks	-	-
Cash in Revolving Fund	132,850	10,000
Cash with a Fiscal Agent/Trustee	-	-
Accounts Receivable	12,721,328	893,540
Due from Other Funds	1,464,771	1,675,061
Stores Inventories	766,213	-
Prepaid Expenditures	253,067	56,539
Total Assets	<u>54,450,623</u>	<u>22,317,377</u>
LIABILITIES AND FUND BALANCE:		
Liabilities:		
Accounts Payable	\$ 7,407,038	\$ 1,561,095
Due to Other Funds	1,882,546	1,208,978
Unearned Revenue	916,549	176,230
Total Liabilities	<u>10,206,133</u>	<u>2,946,303</u>
Fund Balance:		
Nonspendable Fund Balances:		
Revolving Cash	132,850	10,000
Stores Inventories	766,213	-
Prepaid Items	253,067	56,539
Restricted Fund Balances	2,388,697	533,559
Assigned Fund Balances	2,678,643	18,770,976
Unassigned:		
Reserve for Economic Uncertainty	38,025,020	-
Total Fund Balance	<u>44,244,490</u>	<u>19,371,074</u>
Total Liabilities and Fund Balances	<u>\$ 54,450,623</u>	<u>\$ 22,317,377</u>

The accompanying notes are an integral part of this statement.

Building Fund	Capital Project Fund For Blended Component Units	Nonmajor Governmental Funds	Total Governmental Funds
\$ 7,925,774	\$ 51,482,174	\$ 17,853,368	\$ 136,055,947
-	-	1,433,892	1,433,892
-	-	-	142,850
-	96	-	96
72,768	-	3,082,361	16,769,997
-	6,360	5,973	3,152,165
-	-	46,438	812,651
-	-	-	309,606
<u>7,998,542</u>	<u>51,488,630</u>	<u>22,422,032</u>	<u>158,677,204</u>
\$ 3,766,492	\$ 105,448	\$ 451,232	\$ 13,291,307
9,417	109,637	219,357	3,429,935
-	-	-	1,092,779
<u>3,775,909</u>	<u>215,085</u>	<u>670,589</u>	<u>17,814,019</u>
-	-	-	142,850
-	-	46,438	812,651
-	-	-	309,606
4,222,633	51,273,545	17,686,290	76,104,724
-	-	4,018,715	25,468,334
-	-	-	38,025,020
<u>4,222,633</u>	<u>51,273,545</u>	<u>21,751,443</u>	<u>140,863,185</u>
<u>\$ 7,998,542</u>	<u>\$ 51,488,630</u>	<u>\$ 22,422,032</u>	<u>\$ 158,677,204</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2019

Total fund balances, governmental funds: \$ 140,863,185

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	634,737,585	
Accumulated depreciation	(222,672,814)	
Net:		412,064,771

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmaturing interest owing at the end of the period was: (3,924,448)

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	128,007,959	
Net pension liability	361,632,495	
Net OPEB liability	34,900,268	
Compensated absences payable	1,416,424	
Certificates of participation payable	145,302,683	
Capital leases payable	351,570	
Total:		(671,611,399)

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 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: 2,756,004

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	115,337,745
Deferred inflows of resources relating to pensions	(37,497,608)

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

Deferred outflows of resources relating to OPEB	6,178,614
Deferred inflows of resources relating to OPEB	(1,539,079)

Internal service funds: Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets and liabilities of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds are:

14,306,998

Total net position, governmental activities:

\$ (23,065,217)

The accompanying notes are an integral part of this statement.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Charter School Fund
	<u> </u>	<u> </u>
Revenues:		
LCFF Sources:		
State Apportionment	\$ 91,923,119	\$ 26,269,527
Education Protection Account Funds	35,018,761	9,502,602
Local Sources	82,054,609	20,269,509
Federal Revenue	16,229,957	1,924,137
Other State Revenue	35,700,895	7,235,032
Other Local Revenue	31,522,896	903,391
Total Revenues	<u>292,450,237</u>	<u>66,104,198</u>
Expenditures:		
Current:		
Instruction	184,664,870	38,090,929
Instruction - Related Services	29,175,194	9,098,942
Pupil Services	34,834,578	1,855,686
Ancillary Services	4,187,881	43,192
Community Services	835,853	37,074
Enterprise	173,440	-
General Administration	12,993,652	7,391
Plant Services	24,062,634	14,566,508
Other Outgo	1,281,549	-
Capital Outlay	2,038,838	186,801
Debt Service:		
Principal	85,176	46,530
Interest	1,271	1,747
Total Expenditures	<u>294,334,936</u>	<u>63,934,800</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,884,699)</u>	<u>2,169,398</u>
Other Financing Sources (Uses):		
Transfers In	-	-
Transfers Out	(2,425)	(592,788)
Other Sources	97,472	27,419
Total Other Financing Sources (Uses)	<u>95,047</u>	<u>(565,369)</u>
Net Change in Fund Balance	(1,789,652)	1,604,029
Fund Balance, July 1	46,034,142	17,767,045
Fund Balance, June 30	<u>\$ 44,244,490</u>	<u>\$ 19,371,074</u>

The accompanying notes are an integral part of this statement.

Building Fund	Capital Project Fund For Blended Component Units	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 118,192,646
-	-	-	44,521,363
-	-	-	102,324,118
-	-	10,397,600	28,551,694
-	-	5,338,965	48,274,892
435,035	20,053,622	13,660,444	66,575,388
<u>435,035</u>	<u>20,053,622</u>	<u>29,397,009</u>	<u>408,440,101</u>
-	-	3,319,488	226,075,287
-	-	645,785	38,919,921
-	-	12,492,274	49,182,538
-	-	-	4,231,073
-	-	-	872,927
-	-	-	173,440
-	-	670,831	13,671,874
125,041	257,052	1,138,387	40,149,622
1,860	-	-	1,283,409
27,477,522	1,164,337	307,606	31,175,104
265,000	-	18,750,000	19,146,706
327,788	-	10,521,611	10,852,417
<u>28,197,211</u>	<u>1,421,389</u>	<u>47,845,982</u>	<u>435,734,318</u>
<u>(27,762,176)</u>	<u>18,632,233</u>	<u>(18,448,973)</u>	<u>(27,294,217)</u>
592,788	-	13,707,486	14,300,274
-	(13,705,061)	-	(14,300,274)
-	-	1,861	126,752
<u>592,788</u>	<u>(13,705,061)</u>	<u>13,709,347</u>	<u>126,752</u>
<u>(27,169,388)</u>	<u>4,927,172</u>	<u>(4,739,626)</u>	<u>(27,167,465)</u>
31,392,021	46,346,373	26,491,069	168,030,650
<u>\$ 4,222,633</u>	<u>\$ 51,273,545</u>	<u>\$ 21,751,443</u>	<u>\$ 140,863,185</u>

CHULA VISTA ELEMENTARY 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, 2019

EXHIBIT A-6

Total change in fund balances, governmental funds: \$ (27,167,465)

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 Additions to Capital Assets	32,572,330	
Less Depreciation Expense	<u>(14,328,791)</u>	
Net		18,243,539

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: 19,146,706

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, net of issue premium or discount, were: (124,891)

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: -

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: 215,985

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: (60,448)

Pensions: In government 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: (23,905,668)

Postemployment benefits other than pensions (OPEB): In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was: (4,702,275)

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: 751,989

Internal Service Funds: Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service was:

402,791

Change in net position of governmental activities:

\$ (17,199,737)

The accompanying notes are an integral part of this statement.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

STATEMENT OF NET POSITION

INTERNAL SERVICE FUND

JUNE 30, 2019

	Internal Service Fund
	Self-Insurance Fund
ASSETS:	
Current Assets:	
Cash in County Treasury	\$ 13,902,670
Cash on Hand and in Banks	44,944
Accounts Receivable	86,115
Due from Other Funds	277,770
Total Current Assets	<u>14,311,499</u>
Total Assets	<u>14,311,499</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	\$ 4,500
Total Current Liabilities	<u>4,500</u>
Total Liabilities	<u>4,500</u>
NET POSITION:	
Unrestricted (Deficit)	14,306,999
Total Net Position	<u>\$ 14,306,999</u>

The accompanying notes are an integral part of this statement.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN FUND NET POSITION - INTERNAL SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 2019

	Internal Service Fund
	Self-Insurance Fund
Operating Revenues:	
In-District Premiums/Contributions	\$ 3,253,636
Interest Income	262,019
Total Revenues	<u>3,515,656</u>
Operating Expenses:	
Services and Other Operating Expenses	<u>3,112,865</u>
Total Expenses	<u>3,112,865</u>
Change in Net Position	402,791
Total Net Position - Beginning	13,904,208
Total Net Position - Ending	<u>\$ 14,306,999</u>

The accompanying notes are an integral part of this statement.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

	Internal Service Fund
	Self-Insurance Fund
Cash Flows from Operating Activities:	
Cash Received from Interfund Services Provided	\$ 2,975,865
Cash Payments to Other Suppliers for Goods and Services	(3,344,573)
Net Cash Provided (Used) by Operating Activities	<u>(368,708)</u>
Cash Flows from Investing Activities:	
Interest and Dividends on Investments	195,808
Net Cash Provided (Used) for Investing Activities	<u>195,808</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(172,900)
Cash and Cash Equivalents at Beginning of Year	14,120,514
Cash and Cash Equivalents at End of Year	<u>\$ 13,947,614</u>
Reconciliation of Operating & Investment Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ 402,791
Change in Assets and Liabilities:	
Decrease (Increase) in Receivables	(66,211)
Decrease (Increase) in Due From Other Funds	(277,771)
Increase (Decrease) in Due to Other Funds	(231,709)
Total Adjustments	<u>(575,691)</u>
Net Cash Provided (Used) by Operating & Investment Activities	<u>\$ (172,900)</u>

The accompanying notes are an integral part of this statement.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2019

	OPEB Trust Fund	Agency Fund
	Retiree Benefit Fund	Student Body Fund
ASSETS:		
Cash on Hand and in Banks	\$ -	\$ 896,992
Investments	16,809,954	-
Total Assets	<u>16,809,954</u>	<u>896,992</u>
LIABILITIES:		
Due to Student Groups	\$ -	\$ 896,992
Total Liabilities	<u>-</u>	<u>896,992</u>
NET POSITION:		
Held in Trust for OPEB Benefit	16,809,954	-
Total Net Position	<u>\$ 16,809,954</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	OPEB Trust Fund
	<u>Retiree Benefit Fund</u>
Additions:	
Contributions:	
Employer Contributions Direct	\$ 995,459
Employer Contributions Outside of Trust	-
Net Investment and Other Income/Expenses	<u>986,073</u>
Total Additions	<u>1,981,532</u>
Deductions:	
OPEB Reimbursements Outside of Trust	1,966,958
Administrative Expenses	8,048
Total Deductions	<u>1,975,006</u>
Change in Net Position	6,526
Net Position-Beginning of the Year	<u>16,803,428</u>
Net Position-End of the Year	<u>\$ 16,809,954</u>

The accompanying notes are an integral part of this statement.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

The District's combined financial statements include the accounts of all its operations. The Board of Education is the level of government which has governance responsibilities over all activities related to public school education in the District. The Board is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board since Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

The District and the Chula Vista Community Facilities District (the CFD) 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 component unit of the District. Therefore, the financial activities of the CFD have been included in the basic financial statements of the District as a blended component unit.

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

a. Manifestations of Oversight

The governing body of the CFD is substantively the same as the District's Board of Directors.

The CFD has no employees. The District's Superintendent and Deputy Superintendent function as agents of the CFD. Neither individual received additional compensation for work performed in this capacity.

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

b. Accounting and Fiscal Matters

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

The District will assume a "moral obligation", and potentially a legal obligation, for any debt incurred by the CFD.

c. Scope of Public Service and Financial Presentation

The CFD was created for the sole purpose of financially assisting the District.

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

The CFD's financial activity is presented in the financial statements in the Capital Projects Fund for Blended Component Units.

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Based upon review of the GASB pronouncements, the District is not a component unit of any other entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities 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 revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

General Fund. This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Charter School Fund. This fund is used to account for the operating activities of the District operated charter schools.

Building Fund. This fund accounts for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds.

Capital Project Fund for Blended Component Units. This fund accounts for the activities of the District's Community Facilities Districts.

In addition, the District reports the following fund types:

Special Revenue Funds. These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Debt Service Funds. These funds are used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and other costs.

Capital Projects Funds. These funds are used to account for the proceeds from bond issuances and for the acquisition of capital assets of the district.

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
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Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They 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 is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: 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 of 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.

3. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

4. Budgets and Budgetary Accounting

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

These budgets are revised by the District's governing board and district superintendent during the 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.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
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5. 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 is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

b. Expenses/Expenditures

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

6. Assets, Liabilities, and Equity

a. Deposits and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Depository Insurance Corporation. 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 Section 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 Section 53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

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

b. Stores Inventories and Prepaid Expenditures

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
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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 at average cost and consist of expendable supplies held for consumption. Reported inventories are equally offset by a fund balance reserve, 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 expenditure during the benefiting period.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed 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 Lives</u>
Buildings	25-50
Building Improvements	15-20
Vehicles	8-15
Office Equipment	5-15
Other Equipment	5-15

d. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The current portion of the liabilities is recognized in the general fund 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 incurrence 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.

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f. Interfund Activity

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

g. Property Taxes

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on March 15 and November 15. Unsecured property taxes are payable in one installment on or before August 31. The County of San Diego bills and collects the taxes for the District.

h. Fund Balance Reserves and Designations

Fund balances of the governmental funds are classified as follows:

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

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

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

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

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
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i. Minimum Fund Balance

The District maintains a minimum reserve, within the general fund, an amount not less than the amount required by state law. The minimum reserve shall apply towards the established minimum Reserve for Economic Uncertainties or an amount that meets or exceeds the requirements by law. The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject to varying constraints in use, the Reserve for Economic Uncertainties consists of balances that are otherwise unassigned.

7. 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.

8. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates. Actual results could differ from those estimates.

9. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, 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's 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.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined time frames. For this report, the following time frames are used:

Valuation Date (VD)	June 30, 2017
Measurement Date (MD)	June 30, 2018
Measurement Period (MP)	July 1, 2017 to June 30, 2018

10. Other Post Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position of the Chula Vista Elementary School District Retiree Benefits Plan (CVESDRBP) and additions to/deductions from CVESDRBP's fiduciary net position have been determined on the same basis as they are reported by CVESDRBP. For this purpose, CVESDRBP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
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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 for an asset or liability.

12. Change in Accounting Policies

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, 2019. Those newly implemented pronouncements are as follows:

GASB 83 - Certain Asset Retirement Obligations

This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. There have been no adjustments made to the financial statements or note disclosures as a result of adoption of the accounting policies pursuant to GASB 83.

GASB 88 - Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements

The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

There have been no adjustments to the financial statements or note disclosures as a result of adoption of the accounting policies pursuant to GASB 88.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

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

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

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

C. Fair Value Measurements

The District reports investments at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the District's own assumptions about the assumptions market participants would use in pricing the investment based on the best information available.

The District's investments at June 30, 2019, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

	<u>Amount</u>	<u>Fair Value Measurement Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments by fair value level				
Beneficial interests in investments held by CERBT trust fund	\$ 16,809,954	-	-	16,809,954
Money Market Funds	96	96	-	-
Total investments by fair value level	<u>\$ 16,810,050</u>	<u>\$ 96</u>	<u>\$ -</u>	<u>\$ 16,809,954</u>
External investment pools measured at fair value				
San Diego County Treasury	\$ 149,958,617	\$ -	\$ 149,958,617	\$ -
Total investments by fair value level	<u>\$ 149,958,617</u>	<u>\$ -</u>	<u>\$ 149,958,617</u>	<u>\$ -</u>

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 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.

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

Investments in money market funds are amounts held by fiscal agents for community facilities districts special tax bonds.

The District invests OPEB trust funds in the California Employers' Retiree Benefit Trust (CERBT) Strategy 1 portfolio. The CERBT Strategy 1 portfolio is invested in various asset classes in percentages approved by the CalPERS Board. Generally, equities are intended to help build the value of the employer's portfolio over the long term while bonds are intended to help provide income and stability of principal. Also, strategies invested in a higher percentage of equities seek higher investment returns (but assume more risk) compared with strategies invested in a higher percentage of bonds.

The following is a reconciliation of the beginning and ending balance of investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2019:

	Beneficial Interests in Investments Held by CERBT Trust
Balance at June 30, 2018	\$ 16,803,428
Purchases/contributions of investments	-
Investment return, net	986,073
Distributions	(971,499)
Administrative expenses	(8,048)
Balance at June 30, 2019	<u>\$ 16,809,954</u>

D. Cash and Investments

1. Cash in County Treasury:

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool (\$149,958,617 as of June 30, 2019). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$149,958,617. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

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

Cash balances on hand and in banks (\$2,375,828 as of June 30, 2019) and in the revolving fund (\$142,850) are insured up to \$250,000 by the Federal Depository Insurance Corporation.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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3. Cash with Fiscal Agent & Investments

The District's cash with fiscal agent & investments at June 30, 2019 are shown below.

Cash with Fiscal Agent Type	Maturity	Amount Reported	Fair Value
Money Market Funds	<30 Days	\$ 96	\$ 96
OPEB - CERBT Strategy 1 Investments	<30 Days	16,809,954	16,809,954
Total Cash with Fiscal Agent & Investments		<u>\$ 16,810,050</u>	<u>\$ 16,810,050</u>

* Represents an average of the days to maturity

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.

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

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
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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 is restricted by Government Code Section 53635 pursuant to Section 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 credit risk. CalPERS invests in assets with credit ratings ranging from B1 to AAA as established by either S&P, Moody's, or Fitch. Information on the credit ratings can be found in the CalPERS Comprehensive Annual Financial Report (CAFR).

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.

As of June 30, 2019, the District's bank balances (including revolving cash) of \$2,932,455 was exposed to custodial credit risk because it was insured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

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 manages its exposure to interest rate risk by investing in the county pool.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

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.

5. 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 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.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

E. Accounts Receivable

Accounts receivable at June 30, 2019 consisted of intergovernmental grants, entitlements, interest and other local sources as follows:

	Major Governmental Funds				
	General Fund	Charter School Fund	Building Fund	Blended Component Unit Fund	Nonmajor Governmental Funds
Federal Government:					
Special Education Cluster	\$ 6,283,660	\$ -	\$ -	\$ -	\$ -
Title II Supporting Instruction	202,614	69,942	-	-	-
Child Nutrition	-	-	-	-	2,305,292
Other Federal Programs	117,500	76,492	-	-	-
State Government:					
Lottery	1,136,467	300,725	-	-	-
Special Education	434,597	-	-	-	-
Child Nutrition	-	-	-	-	164,906
Child Development	-	-	-	-	555,927
LCFF State Aid	-	184,689	-	-	-
Other State Programs	652,988	82,146	-	-	-
Local Sources					
Interest	242,306	114,900	72,768	-	55,130
Special Education	303,245	-	-	-	-
University Initiative	568,174	-	-	-	-
After School Program	947,974	-	-	-	-
Other Local Sources	<u>1,831,803</u>	<u>64,646</u>	<u>-</u>	<u>-</u>	<u>1,106</u>
Total Accounts Receivable	<u>\$ 12,721,328</u>	<u>\$ 893,540</u>	<u>\$ 72,768</u>	<u>\$ -</u>	<u>\$ 3,082,361</u>
	Self Insurance Fund				
Local Sources					
Interest	<u>\$ 86,115</u>				

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

F. Capital Assets

Capital asset activity for the year ended June 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 40,352,913	\$ -	\$ -	\$ 40,352,913
Work in progress	14,977,715	7,977,541	13,608,220	9,347,036
Total capital assets not being depreciated	<u>55,330,628</u>	<u>7,977,541</u>	<u>13,608,220</u>	<u>49,699,949</u>
Capital assets being depreciated:				
Buildings	514,215,587	37,172,660	-	551,388,247
Improvements	14,975,975	127,139	-	15,103,114
Equipment	17,734,163	903,210	91,098	18,546,275
Total capital assets being depreciated	<u>546,925,725</u>	<u>38,203,009</u>	<u>91,098</u>	<u>585,037,636</u>
Less accumulated depreciation for:				
Buildings	(188,114,693)	(12,618,665)	-	(200,733,358)
Improvements	(7,394,069)	(575,220)	-	(7,969,289)
Equipment	(12,926,359)	(1,134,906)	(91,098)	(13,970,167)
Total accumulated depreciation	<u>(208,435,121)</u>	<u>(14,328,791)</u>	<u>(91,098)</u>	<u>(222,672,814)</u>
Total capital assets being depreciated, net	<u>338,490,604</u>	<u>23,874,218</u>	<u>-</u>	<u>362,364,822</u>
Governmental activities capital assets, net	<u>\$ 393,821,232</u>	<u>\$ 31,851,759</u>	<u>\$ 13,608,220</u>	<u>\$ 412,064,771</u>

Depreciation was charged to functions as follows:

Instruction	\$ 13,210,563
Instruction-Related Services	101,460
Pupil Services	305,908
General Administration	377,123
Plant Services	333,737
	<u>\$ 14,328,791</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

G. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2019, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Charter School Fund	\$ 1,081,939	Oversight and other fees
General Fund	Charter School Fund	87,829	Reimbursement of expenses
General Fund	Building Fund	9,417	Reimbursement of expenses
General Fund	Blended Component Unit	103,277	Reimbursement of expenses
General Fund	Nonmajor Govt. Funds	182,309	Reimbursement of expenses
Charter School Fund	General Fund	1,620,074	Property taxes and impact aid
Charter School Fund	General Fund	23,796	Reimbursement of expenses
Charter School Fund	Nonmajor Govt. Funds	26,154	Reimbursement of expenses
Charter School Fund	Nonmajor Govt. Funds	5,037	Revenue reclassification
Blended Component Unit	Blended Component Unit	6,360	Revenue reclassification
Nonmajor Govt. Funds	General Fund	5,973	Reimbursement of expenses
Self Insurance Fund	General Fund	232,703	Self-Insurance expenses
Self Insurance Fund	Charter School Fund	39,210	Self-Insurance expenses
Self Insurance Fund	Nonmajor Govt. Funds	5,857	Self-Insurance expenses
	Total	\$ <u>3,429,935</u>	

All amounts due are scheduled to be repaid within one year.

2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2019, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Nonmajor Govt. Funds	\$ 2,425	QPI contribution
Charter School Fund	Building Fund	592,788	Debt service transfer
Blended Component Unit	Nonmajor Govt. Funds	13,705,061	Debt service transfer
	Total	\$ <u>14,300,274</u>	

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

H. Accounts Payable

Accounts payable balances as of June 30, 2019 consist of:

	Major Governmental Funds				
	General Fund	Charter School Fund	Building Fund	Blended Component Unit Fund	Nonmajor Governmental Funds
Vendors Payable	\$ 1,678,652	\$ 261,347	\$ 3,766,492	\$ 105,448	\$ 388,126
Payroll and Benefits	844,757	103,241	-	-	63,106
Pension Related	2,485,849	429,381	-	-	-
LCFF Repayment	1,286,754	618,822	-	-	-
Other Current Liabilities	1,111,026	148,304	-	-	-
Total	\$ 7,407,038	\$ 1,561,095	\$ 3,766,492	\$ 105,448	\$ 451,232
	<u>Self Insurance Fund</u>				
Vendors Payable	\$ 4,500				
Total	\$ 4,500				

I. Unearned Revenue

Unearned revenue as of June 30, 2019 consisted of the following:

	Major Governmental Funds		
	General Fund	Charter School Fund	Total Governmental Funds
Federal Government:			
Title I	\$ -	\$ 48,081	\$ 48,081
Title IV SSAE	383,302	26,348	409,650
Title III	59,476	45,502	104,978
Other Federal Programs	3,903	3,247	7,150
Local Sources:			
After School Program	149,600	-	149,600
Project Cal-Well	48,776	-	48,776
Other Local Grants	271,492	53,052	324,544
Total	\$ 916,549	\$ 176,230	\$ 1,092,779

J. 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 Resources. During the year ended June 30, 2019, the District did not enter into any short-term debt agreements.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

K. Fund Balance Classifications of the Governmental Funds

As of June 30, 2019 ending fund balance in governmental funds consisted of the following:

	Major Governmental Funds				Nonmajor Governmental Funds
	General Fund	Charter School Fund	Building Fund	Blended Component Unit Fund	
Nonspendable Fund Balances					
Revolving Cash	\$ 132,850	\$ 10,000	\$ -	\$ -	\$ -
Stores Inventories	766,213	-	-	-	46,438
Prepaid Items	253,067	56,539	-	-	-
Total Nonspendable	1,152,130	66,539	-	-	46,438
Restricted Fund Balances					
Capital Projects	-	7,261	4,222,633	51,273,545	4,199,973
Child Nutrition Program	-	-	-	-	3,688,166
Child Development Program	-	-	-	-	655,677
Debt Service	-	-	-	-	9,142,474
Educational Programs	1,415,221	508,359	-	-	-
Professional Development	148,571	17,939	-	-	-
Medi-Cal	824,905	-	-	-	-
Total Restricted	2,388,697	533,559	4,222,633	51,273,545	17,686,290
Assigned Fund Balances					
Capital Projects	-	-	-	-	3,669,229
Educational Programs	2,678,643	18,770,976	-	-	-
Transportation	-	-	-	-	349,486
Total Assigned	2,678,643	18,770,976	-	-	4,018,715
Unassigned Fund Balances					
For Economic Uncertainty	38,025,020	-	-	-	-
Total Fund Balance	\$ 44,244,490	\$ 19,371,074	\$ 4,222,633	\$ 51,273,545	\$ 21,751,443

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

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, 2019 are as follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
General obligation bonds					
Principal Balance	\$ 125,870,000	\$ -	\$ 5,530,000	\$ 120,340,000	\$ 5,300,000
Premiums	8,132,825	-	464,866	7,667,959	472,292
Total GO Bonds	134,002,825	-	5,994,866	128,007,959	5,772,292
Capital leases	358,385	124,891	131,706	351,570	132,368
Certificates of participation					
Principal Balance	149,905,000	-	13,485,000	136,420,000	8,525,000
Discounts	(395,310)	-	(10,661)	(384,649)	(10,752)
Premiums	9,866,276	-	598,944	9,267,332	658,224
Total COPs	159,375,966	-	14,073,283	145,302,683	9,172,472
Compensated absences *	1,355,976	60,448	-	1,416,424	1,416,424
Net pension liability	334,871,034	26,761,461	-	361,632,495	-
Net OPEB obligation	23,748,296	11,151,972	-	34,900,268	-
Total governmental activities	\$ 653,712,482	\$ 38,098,772	\$ 20,199,855	\$ 671,611,399	\$ 16,493,556

* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Compensated absences	Governmental	General

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. The District did not issue any general obligation bonds during the fiscal year ended June 30, 2019.

In 1998, registered voters authorized the issuance of \$95,000,000 principal amount of general obligation bonds. Of the total amount originally authorized, all amounts were issued and subsequently refunded with the 2010 refunding bonds, 2012 refunding bonds, and 2013 refunding bonds.

On November 6, 2012, registered voters authorized the issuance of \$90,000,000 principal amount of general obligation bonds. Of the total amount originally authorized, all amounts have been issued.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

General obligation bonds at June 30, 2019 consisted of the following:

	Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue
2010 Refunding Bonds	10/13/10	3.00-3.25%	08/01/26	\$ 14,785,000
2012 Refunding Bonds	05/22/12	3.00-5.00%	08/01/28	18,580,000
2012 Election Series A	06/13/13	2.00-5.50%	08/01/37	31,000,000
2013 Refunding Bonds	07/10/13	3.00-5.00%	08/01/29	30,755,000
2012 Election Series B	02/05/15	3.00-5.00%	08/01/39	14,000,000
2012 Election Series C	01/05/17	4.00-5.00%	08/01/41	45,000,000
Total GO Bonds				<u>\$ 154,120,000</u>

	Beginning Balance	Increases	Decreases	Ending Balance
2010 Refunding Bonds	\$ 9,075,000	\$ -	\$ 910,000	\$ 8,165,000
2010 Bond Premium	218,170	-	21,877	196,293
2012 Refunding Bonds	13,570,000	-	1,050,000	12,520,000
2012 Bond Premium	1,595,250	-	123,435	1,471,815
2012 Election Series A	24,995,000	-	945,000	24,050,000
2012-A Bond Premium	774,087	-	29,266	744,821
2013 Refunding Bonds	21,850,000	-	2,470,000	19,380,000
2013 Bond Premium	2,493,078	-	281,826	2,211,252
2012 Election Series B	11,380,000	-	155,000	11,225,000
2012-B Bond Premium	621,244	-	8,462	612,782
2012 Election Series C	45,000,000	-	-	45,000,000
2012-C Bond Premium	2,430,996	-	-	2,430,996
Total GO Bonds	<u>\$ 134,002,825</u>	<u>\$ -</u>	<u>\$ 5,994,866</u>	<u>\$ 128,007,959</u>

The annual requirements to amortize the bonds outstanding at June 30, 2019 are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 5,300,000	\$ 4,806,778	\$ 10,106,778
2021	5,665,000	4,592,365	10,257,365
2022	6,010,000	4,356,127	10,366,127
2023	6,430,000	4,087,552	10,517,552
2024	6,865,000	3,790,577	10,655,577
2025-2029	24,465,000	15,438,831	39,903,831
2030-2034	18,160,000	11,257,817	29,417,817
2035-2039	26,415,000	6,903,795	33,318,795
2040-2044	21,030,000	1,300,800	22,330,800
Totals	<u>\$ 120,340,000</u>	<u>\$ 56,534,642</u>	<u>\$ 176,874,642</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

3. Certificates of Participation

The District's certificates of participation (COPs) consists of various issues of COPs that are generally callable with interest payable semiannually. COPs proceeds pay primarily for acquiring or constructing capital facilities. The District repays COPs from unrestricted general fund revenues. The debt is secured by facilities owned by the District. The District did not issue any COPs during the fiscal year ended June 30, 2019.

Certificates of Participation issued by the District as of June 30, 2019 consisted of the following:

	Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue
2002 Refunding COPS	12/13/01	2.00-5.00%	2019	\$ 5,880,000
2003 QZAB COPS	10/01/03	N/A	2019	5,000,000
2011 Refunding COPS	10/14/10	3.00-3.63%	2026	11,220,000
2012 COPS	11/30/11	2.00-4.63%	2037	25,000,000
2013 Refunding COPS	03/20/13	3.00-5.00%	2028	41,650,000
2013 COPS Charter Schools	08/27/13	3.00-5.25%	2034	6,845,000
2014 Refunding COPS	11/06/14	3.13-5.00%	2032	42,420,000
2004 COPS	01/14/16	2.00-5.00%	2041	36,785,000
2016 Refunding COPS	03/17/16	3.00-4.00%	2021	6,600,000
Total COPS				<u>\$ 181,400,000</u>

	Beginning Balance	Increases	Decreases	Ending Balance
2002 Refunding COPS	\$ 510,000	\$ -	\$ 510,000	\$ -
2002 Ref. COPS Premium	2,047	-	2,047	-
2003 QZAB COPS	5,000,000	-	5,000,000	-
2011 Refunding COPS	7,435,000	-	730,000	6,705,000
2011 Ref. COPS Premium	151,106	-	14,836	136,270
2012 COPS	21,320,000	-	575,000	20,745,000
2012 COPS Discount	(395,310)	-	(10,661)	(384,649)
2013 Refunding COPS	34,035,000	-	1,985,000	32,050,000
2013 Ref. COPS Premium	3,944,586	-	230,057	3,714,529
2013 COPS Charter Schools	5,915,000	-	265,000	5,650,000
2013 COPS Premium	4,791	-	215	4,576
2014 Refunding COPS	37,205,000	-	2,055,000	35,150,000
2014 Ref COPS Premium	3,430,131	-	189,462	3,240,669
2016 COPS	34,335,000	-	1,020,000	33,315,000
2016 COPS Premium	2,017,700	-	59,940	1,957,760
2016 Refunding COPS	4,150,000	-	1,345,000	2,805,000
2016 Ref. COPS Premium	315,915	-	102,387	213,528
Total COPS	<u>\$ 159,375,966</u>	<u>\$ -</u>	<u>\$ 14,073,283</u>	<u>\$ 145,302,683</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
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YEAR ENDED JUNE 30, 2019

The annual requirements to amortize the certificates of participation at June 30, 2019 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 8,525,000	\$ 5,413,188	\$ 13,938,188
2021	9,100,000	5,011,163	14,111,163
2022	9,950,000	4,573,642	14,523,642
2023	9,760,000	4,114,127	13,874,127
2024	10,250,000	3,642,630	13,892,630
2025-2029	49,905,000	11,779,670	61,684,670
2030-2034	25,485,000	4,446,460	29,931,460
2035-2039	11,790,000	1,155,613	12,945,613
2040-2044	1,655,000	50,540	1,705,540
Totals	<u>\$ 136,420,000</u>	<u>\$ 40,187,033</u>	<u>\$ 176,607,033</u>

4. Capital Leases Payable

August 1, 2014 the District entered into a capital lease with the San Diego County Office of Education for the financing of MITI ERP Implementation Costs. The lease is payable in semi-annual payments on August 1 and February 1 with an interest rate of 2.5%. The lease was repaid in full during the 2017-18 fiscal year.

During the 2016-17 fiscal year the District entered into 12 lease agreements with Copy Link to lease copy machines for various school sites. Each lease agreement carries a bargain purchase option of \$1 to purchase the machines at the end of the lease. There is no interest included in the lease payments. Repayment varies from 36 months to 60 months. Since the leases contain a bargain purchase option, the leases have been recorded as capital leases.

During the 2017-18 fiscal year the District entered into 8 lease agreements with Copy Link to lease copy machines for various school sites. Each lease agreement carries a bargain purchase option of \$1 to purchase the machines at the end of the lease. There is no interest included in the lease payments. Repayment varies from 36 months to 60 months. Since the leases contain a bargain purchase option, the leases have been recorded as capital leases.

August 1, 2017 the District entered into a lease agreement with Dell for the purchase of equipment. The total lease was for \$44,329 with principal and interest due annually for three periods beginning in 2017. The lease bears an interest rate of 1.50%.

August 11, 2017 the District entered into a lease agreement with Apple for the purchase of equipment. The total lease was for \$156,475 with principal and interest due August 16th annually for four periods beginning in 2017. The lease bears an interest rate of 8.03%.

During the 2018-19 fiscal year the District entered into 9 lease agreements with Copy Link to lease copy machines for various school sites. Each lease agreement carries a bargain purchase option of \$1 to purchase the machines at the end of the lease. There is no interest included in the lease payments. Repayment varies from 36 months to 60 months. Since the leases contain a bargain purchase option, the leases have been recorded as capital leases.

Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 132,368	\$ 1,833	\$ 134,201
2021	119,855	591	120,446
2022	53,011	-	53,011
2023	34,934	-	34,934
2024	11,402	-	11,402
Totals	<u>\$ 351,570</u>	<u>\$ 2,424</u>	<u>\$ 353,994</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

5. Debt Issue Premium

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

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

The District has issued bonds and certificates of participation at a premium or discount. The premiums/discounts are being amortized over the life of the debt using the economic interest method.

Premiums issued on the debt resulted in an effective interest rate as follows:

	2010 Refunding Bonds	2012 Refunding Bonds	2012 Series A Bonds	2013 Refunding Bonds	2012 Series B Bonds
Total Interest Payments	\$ 3,953,964	\$ 6,959,069	\$ 17,592,565	\$ 9,647,357	\$ 6,454,065
Less Premium	(355,444)	(2,184,212)	(960,059)	(3,509,136)	(764,272)
Plus Discount	-	-	-	-	-
Net Interest Payments	<u>3,598,520</u>	<u>4,774,857</u>	<u>16,632,506</u>	<u>6,138,221</u>	<u>5,689,793</u>
Par amount of Bonds/COPS	\$ 14,785,000	\$ 18,580,000	\$ 31,000,000	\$ 30,755,000	\$ 14,000,000
Periods	16	17	24	17	25
Effective Interest Rate	1.521%	1.512%	2.236%	1.174%	1.626%

	2012 Series C Bonds	2002 Refunding COPS	2010 Refunding COPS	2011 COPS	2013 Refunding COPS
Total Interest Payments	\$ 37,033,988	\$ 2,669,853	\$ 3,299,246	\$ 16,157,330	\$ 15,767,173
Less Premium	(2,430,996)	(23,609)	(228,030)	-	(4,827,149)
Plus Discount	-	-	-	463,543	-
Net Interest Payments	<u>34,602,992</u>	<u>2,646,244</u>	<u>3,071,216</u>	<u>16,620,873</u>	<u>10,940,024</u>
Par amount of Bonds/COPS	\$ 45,000,000	\$ 5,880,000	\$ 11,220,000	\$ 25,000,000	\$ 41,650,000
Periods	25	17	15	25	16
Effective Interest Rate	3.076%	2.647%	1.825%	2.659%	1.642%

	2013 Bonds	2014 Refunding COPS	2016 COPS	2016 Refunding COPS
Total Interest Payments	\$ 4,627,975	\$ 15,741,344	\$ 16,558,370	\$ 714,340
Less Premium	(5,545)	(3,910,330)	(2,161,675)	(502,419)
Plus Discount	-	-	-	-
Net Interest Payments	<u>4,622,430</u>	<u>11,831,014</u>	<u>14,396,695</u>	<u>211,921</u>
Par amount of Bonds/COPS	\$ 6,845,000	\$ 42,420,000	\$ 36,785,000	\$ 6,600,000
Periods	20	17	25	6
Effective Interest Rate	3.377%	1.641%	1.565%	0.535%

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

M. Deferred Outflows of Resources

The District issued refunding bonds in July 2013 and as a result of the calculated gain or loss, a loss on refunding in the amount of \$1,104,136 was recognized as a deferred outflow of resources. The loss on refunding will be amortized over sixteen years based on the debt service of the new refunding bonds.

The District issued refunding certificates of participation (COPs) in November 2014 and as a result of the calculated gain or loss, a loss on refunding in the amount of \$2,500,330 was recognized as a deferred outflow of resources. The loss on refunding will be amortized over seventeen years based on the debt service of the new certificates of participation.

The District issued refunding certificates of participation (COPs) in March 2016 and as a result of the calculated gain or loss, a loss on refunding in the amount of \$510,436 was recognized as a deferred outflow of resources. The loss on refunding will be amortized over six years based on the debt service of the new certificates of participation.

In accordance with GASB Statement No. 68 & 71, payments made subsequent to the net pension liability measurement date and additional items as identified in the GASB statement are 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, 2019 is as follows:

Description	Issue Date	Amortization Term
Refunding Loss - 2013 Bonds	07/10/13	16 Years
Refunding Loss - 2015 COPs	11/06/14	17 Years
Refunding Loss - 2016 COPs	03/17/16	6 Years
Pension Related	Varies	Varies
OPEB Related	Varies	Varies

Description	Balance July 1, 2018	Additions	Current Year Amortization	Balance June 30, 2019
Refunding Loss - 2013 Bonds	\$ 764,842	\$ -	\$ 69,009	\$ 695,833
Refunding Loss - 2015 COPs	1,973,300	-	147,078	1,826,222
Refunding Loss - 2016 COPs	319,022	-	85,073	233,949
Pension Related	114,087,907	61,026,860	59,777,022	115,337,745
OPEB Related	-	7,074,635	896,021	6,178,614
Total Deferred Outflows	\$ 117,145,071	\$ 68,101,495	\$ 60,974,203	\$ 124,272,363

Future amortization of deferred outflows of resources is as follows:

Year Ending June 30,	Refunding Losses	OPEB Related	Pension Related	Total
2020	\$ 301,160	\$ 896,021	\$ 64,647,057	\$ 65,844,238
2021	301,160	896,021	24,264,348	25,461,529
2022	279,890	896,021	21,105,832	22,281,743
2023	216,087	896,021	5,320,508	6,432,616
2024	216,087	896,021	-	1,112,108
Thereafter	1,441,620	1,698,509	-	3,140,129
Total	\$ 2,756,004	\$ 6,178,614	\$ 115,337,745	\$ 124,272,363

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

N. Deferred Inflows of Resources

In accordance with GASB Statement No. 68 & 71, certain items related to pensions as identified in the GASB statement are 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, 2019 is as follows:

Description	Amortization Term	Balance July 1, 2018	Additions	Current Year Amortization	Balance June 30, 2019
Pension Related	Varies	\$ 39,103,563	\$ 14,353,881	\$ 15,959,836	\$ 37,497,608
OPEB Related	Varies	1,810,185	-	271,106	1,539,079
Total Deferred Inflows of Resources		\$ 40,913,748	\$ 14,353,881	\$ 16,230,942	\$ 39,036,687

Future amortization of deferred inflows of resources is as follows:

Year Ending June 30	Pension Related	OPEB Related	Total
2020	\$ 12,568,071	\$ 271,083	\$ 12,839,154
2021	11,677,533	271,083	11,948,616
2022	10,381,231	271,081	10,652,312
2023	2,870,773	241,945	3,112,718
2024	-	273,120	273,120
Thereafter	-	210,767	210,767
Total	\$ 37,497,608	\$ 1,539,079	\$ 39,036,687

O. Joint Ventures (Joint Powers Agreements)

The District participates in three joint powers agreement (JPA) entities, the San Diego County Schools Risk Management (SDCSR), the San Diego County Schools Fringe Benefits Consortium (SDCSFBC), and Self-Insured Schools of California (SISC). The relationship between the District and the JPA's is such that the JPA's are not component units of the District.

The JPA's arrange for and provide for various types of insurances for its member districts as requested. Each JPA is governed by a board consisting of a representative from each member district. The board controls the operations of each JPA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in each JPA.

Financial information on the District's share in SDCSR and SDCFBC for the year ended June 30, 2019 were not available at the time this report was issued. The information can be obtained by contacting the JPA directly at 6401 Linda Vista Rd., San Diego, CA 92111.

Financial information on the District's share of the SISC JPA for the year ended June 30, 2019 was not available at the time this report was issued. The information can be obtained by contacting the JPA at P.O. Box 1847, Bakersfield, CA 93003-1847.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

P. Risk Management

The District is exposed to risk of losses due to:

- a. Torts,
- b. Theft of, damage to, or destruction of assets,
- c. Business interruption,
- d. Errors or omissions,
- e. Job related illnesses or injuries to employees,
- f. Natural disasters,
- g. 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 (self-insurance), risk transfer to and from an insurer, and risk transfer to a noninsurer.

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.

The District purchases insurance through joint powers authorities. The District is not obligated to cover any losses beyond the premiums paid for the insurance costs. As a result there has not been a liability recorded for incurred but not reported claims.

The District has established a self-insurance fund for the purpose of accounting for other post employment benefits. The activities of the fund include payment of pay-as-you-go premiums for other post employment health insurance as well as recording of changes in the other post employment benefits liability.

Q. 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.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

The Plans' provisions and benefits in effect at June 30, 2019 are summarized as follows:

	CalSTRS	
	Before Jan. 1, 2013	On or After Jan. 1, 2013
Hire Date		
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	55-60	55-62
Monthly benefits, as a % of eligible compensation	1.1 - 2.4%	1.0 - 2.4%*
Required Employee Contribution Rates (at June 30, 2019)	10.250%	10.205%
Required Employer Contribution Rates (at June 30, 2019)	16.280%	16.280%
Required State Contribution Rates (at June 30, 2019)	14.772%	14.772%

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

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

	CalPERS	
	Before Jan. 1, 2013	On or After Jan. 1, 2013
Hire Date		
Benefit Formula	2% at 55	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly For Life
Retirement Age	50-62	52-67
Monthly Benefits as a % of Eligible Compensation	1.1- 2.5%	1.0- 2.5%
Required Employee Contribution Rates (at June 30, 2019)	7.000%	7.000%
Required Employer Contribution Rates (at June 30, 2019)	18.062%	18.062%
State Contribution Rates (at June 30, 2019)	7.971%	7.971%

c. Contributions

CalSTRS

For the fiscal year ended June 30, 2019 (measurement date June 30, 2018), Section 22950 of the California Education Code 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 16.28% of creditable compensation for the fiscal year ended June 30, 2019. Rates are defined in Section 22950.5 through the fiscal year ending June 30, 2021. Beginning in the fiscal year ending on June 30, 2022 and for each fiscal year thereafter, the CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary.

CalPERS

Section 20814(c) of the California Public Employees' Retirement Law 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, 2019 (measurement date June 30, 2018), the employee contribution rate was 7.00% and the employer contribution rate was 18.062% of covered payroll.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

On Behalf Payments

Consistent with Section 22955.1 of the California Education Code, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the fiscal year ended June 30, 2019 (measurement date June 30, 2018) the State contributed 14.772% of salaries creditable to CalSTRS. 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 on behalf of the Districts during the 2018-19 fiscal year in order to reduce contribution rates for Districts in 2019-20 and 2020-21. The contribution resulting from SB 90 made up 42% of the total contributions made by the State on behalf of the District. Consistent with the requirements of GASB 85, the District has recorded these contributions as revenue and expense in the fund financial statements (current financial resources measurement focus). The government-wide financial statements have recorded revenue and expense for pension expense paid on behalf of the District (economic resources measurement focus). Contributions reported for on behalf payments are based on the District's proportionate share of the States contribution for the fiscal year.

Contributions made by the State on behalf of the District and the State's pension expense associated with District employees for the 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
2017	7.470%	\$ 10,563,693	\$ 17,560,635
2018	8.292%	12,610,069	5,061,822
2019	14.772%	22,616,772	(4,589,013)

CalPERS			
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2019	7.971%	\$ 4,191,444	-

d. Contributions Recognized

For the fiscal year ended June 30, 2019 (measurement period June 30, 2018), the contributions recognized for each plan were:

	Fund Financial Statements (Current Financial Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 24,926,197	\$ 9,498,124	\$ 34,424,321
Contributions - State On Behalf Payments	22,616,772	4,191,444	26,808,216
Total Contributions	\$ 47,542,969	\$ 13,689,568	\$ 61,232,537

	Government-Wide Financial Statements (Economic Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 21,943,551	\$ 7,647,157	\$ 29,590,708
Contributions - State On Behalf Payments	22,616,772	4,191,444	26,808,216
Total Contributions	\$ 44,560,323	\$ 11,838,601	\$ 56,398,924

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

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

As of June 30, 2019, the District reported net pension liabilities for its proportionate shares of the net pension liability of each plan as follows:

	Proportionate Share of Net Pension Liability
CalSTRS	\$ 263,171,088
CalPERS	98,461,407
Total Net Pension Liability	<u>\$ 361,632,495</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, 2018. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to measurement date June 30, 2018 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, 2018 and June 30, 2019 were as follows:

	CalSTRS			CalPERS
	District's Proportionate Share	State's Proportionate Share*	Total For District Employees	District's Proportionate Share
Proportion June 30, 2018	0.2674%	0.1588%	0.4262%	0.3667%
Proportion June 30, 2019	0.2863%	0.1646%	0.4509%	0.3693%
Change in Proportion	<u>0.0189%</u>	<u>0.0058%</u>	<u>0.0247%</u>	<u>0.0026%</u>

*Represents State's proportionate share on behalf of District employees.

a. Pension Expense

For the measurement period ended June 30, 2018 (fiscal year June 30, 2019), pension expense was recognized as follows:

	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	\$ 15,840,067	\$ 10,921,394	\$ 26,761,461
State On Behalf Pension Expense	(4,589,013)	-	(4,589,013)
Employer Contributions to Pension Expense	24,926,197	9,498,124	34,424,321
(Increase)/Decrease in Deferred Outflows of Resources			
Employer Contributions Subsequent to Measurement Date	(3,073,652)	(1,796,385)	(4,870,037)
Difference Between Actual & Expected Experience	213,419	(3,982,685)	(3,769,266)
Change in Assumptions	10,691,262	2,080,165	12,771,427
Change in Proportionate Shares	(10,575,874)	136,917	(10,438,957)
Net Difference Between Projected & Actual Earnings	17,392	5,039,603	5,056,995
Increase/(Decrease) in Deferred Inflows of Resources			
Difference Between Actual & Expected Experience	190,259	-	190,259
Change in Assumptions	-	(875,835)	(875,835)
Change in Proportionate Shares	(1,249,884)	(44,989)	(1,294,873)
Net Difference Between Projected & Actual Earnings	3,090,961	(2,716,467)	374,494
Total Pension Expense	<u>\$ 35,481,134</u>	<u>\$ 18,259,842</u>	<u>\$ 53,740,976</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

b. Deferred Outflows and Inflows of Resources

At June 30, 2019, 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
Pension contributions subsequent to measurement date	\$ 24,926,197	\$ 9,498,124	\$ 34,424,321
Differences between actual and expected experience	640,256	8,031,732	8,671,988
Changes in assumptions	32,073,784	11,558,871	43,632,655
Change in employer's proportionate share	18,870,801	1,808,959	20,679,760
Net difference between projected and actual earnings	25,881	7,903,140	7,929,021
Total Deferred Outflows of Resources	<u>\$ 76,536,919</u>	<u>\$ 38,800,826</u>	<u>\$ 115,337,745</u>

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
Differences between actual and expected experience	\$ (232,891)	\$ -	\$ (232,891)
Changes in assumptions	-	(875,834)	(875,834)
Change in employer's proportionate share	(2,499,769)	(89,979)	(2,589,748)
Net difference between projected and actual earnings	(26,499,624)	(7,299,511)	(33,799,135)
Total Deferred Inflows of Resources	<u>\$ (29,232,284)</u>	<u>\$ (8,265,324)</u>	<u>\$ (37,497,608)</u>

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

Year Ended June 30	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect on Expenses
	CalSTRS	CalPERS	CalSTRS	CalPERS	
2020	\$ 42,753,935	\$ 21,893,122	\$ (9,407,797)	\$ (3,160,274)	\$ 52,078,986
2021	15,147,582	9,116,766	(9,393,094)	(2,284,439)	12,586,815
2022	15,139,093	5,966,739	(8,141,780)	(2,239,451)	10,724,601
2023	3,496,309	1,824,199	(2,289,613)	(581,160)	2,449,735
Total	<u>\$ 76,536,919</u>	<u>\$ 38,800,826</u>	<u>\$ (29,232,284)</u>	<u>\$ (8,265,324)</u>	<u>\$ 77,840,137</u>

c. Actuarial Assumptions

Total pension liabilities for the fiscal year ended June 30, 2019 were based on actuarial valuations which were determined using the following actuarial assumptions:

Fiscal Year Measurement Date Valuation Date Actuarial Cost Method	CalSTRS	CalPERS
	June 30, 2019	June 30, 2019
Actuarial Assumptions:		
Discount Rate	7.10%	7.15%
Inflation	2.75%	2.50%
Wage Growth	3.50%	(3)
Investment Rate of Return	7.10%	7.15%
Post Retirement Benefit Increase	(1)	(4)
Mortality	(2)	(5)

(1) CalSTRS post retirement benefit increases assumed at 2% simple for DB (annually) maintaining 85% purchasing power level for DB. Increases are not applicable for DBS/CBB.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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- (2) CalSTRS projects mortality by setting the projection scale equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table issued by the Society of Actuaries.
- (3) Wage growth is a component of inflation for CalPERS assumptions.
- (4) CalPERS post retirement benefit increases assumes 2.00% until PPPA floor on purchasing power applies, 2.50% thereafter.
- (5) CalPERS mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the Society of Actuaries 90% of scale MP-2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

d. Discount Rate

The discount rate used to measure the total pension liability was 7.10% for CalSTRS and 7.15% for CalPERS. The projection of cash flows used to determine the discount rates assumed the contributions from the plan members, employers, and state contributing agencies (where applicable) will be made at statutory contribution rates. To determine whether the District bond rate should be used in the calculation of a discount rate for each plan, CalSTRS and CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate and the use of the District bond rate calculation 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. The last ALM completed by CalSTRS was conducted in 2015. CalSTRS is in process of completing the next ALM and expects to complete the process by November 2019. CalPERS completed their ALM in 2018 with new policies in effect on July 1, 2018. Both CalSTRS and CalPERS conduct new ALM's every 4 years.

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

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

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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.

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

CalSTRS

Asset Class	Assumed Asset Allocation	Long Term Expected Real Rate of Return*
Global Equity	47.00%	6.30%
Fixed Income	12.00%	0.30%
Real Estate	13.00%	5.20%
Private Equity	13.00%	9.30%
Risk Mitigating Strategies	9.00%	2.90%
Inflation Sensitive	4.00%	3.80%
Cash/Liquidity	2.00%	-1.00%

*20 year average

CalPERS

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

* In the Basic Financial Statements, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

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

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

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

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

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

	CalSTRS	CalPERS
1% Decrease	6.10%	6.15%
Net Pension Liability	\$ 385,514,853	\$ 143,355,100
Current Discount Rate	7.10%	7.15%
Net Pension Liability	\$ 263,171,088	\$ 98,461,407
1% Increase	8.10%	8.15%
Net Pension Liability	\$ 161,736,266	\$ 61,215,662

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

CalSTRS - Governmental Activities

	Increase (Decrease)				
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	State's Share of Net Pension Liability (c)	District's Share of Net Pension Liability (a) - (b) - (c)
Balance at June 30, 2018 (Previously Reported)	\$ 1,290,588,024	\$ 896,381,725	\$ 394,206,299	\$ 146,875,278	\$ 247,331,021
Changes for the year:					
CalSTRS Auditor Adjustment	-	(2,295,061)	2,295,061	837,565	1,457,496
Change in Prop share	74,590,453	51,807,020	22,783,433	5,301,893	17,481,540
Service Cost	32,202,992	-	32,202,992	11,752,232	20,450,760
Interest	96,924,604	-	96,924,604	35,371,883	61,552,721
Differences between expected and actual experience	(423,842)	-	(423,842)	(154,678)	(269,164)
Contributions:					
Employer	-	21,943,582	(21,943,582)	(8,008,140)	(13,935,442)
Employee	-	15,764,429	(15,764,429)	(5,753,106)	(10,011,323)
State On Behalf Payments	-	12,610,087	(12,610,087)	(4,601,954)	(8,008,133)
Net Investment Income	-	84,198,231	(84,198,231)	(30,727,492)	(53,470,739)
Other Income	-	474,090	(474,090)	(173,016)	(301,074)
Benefit Payments, including refunds of employee contributions	(65,545,381)	(65,545,381)	-	-	-
Administrative Expenses	-	(974,310)	974,310	355,567	618,743
Borrowing Costs	-	(424,965)	424,965	155,088	269,877
Other Expenses	-	(7,566)	7,566	2,761	4,805
Net Changes	137,748,826	117,550,156	20,198,670	4,358,603	15,840,067
Balance at June 30, 2019	\$ 1,428,336,850	\$ 1,013,931,881	\$ 414,404,969	\$ 151,233,881	\$ 263,171,088

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

CalPERS - Governmental Activities

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2018 (Previously Reported)	\$ 311,218,656	\$ 223,678,643	\$ 87,540,013
Changes for the year:			
Change in Proportionate Share	2,192,219	1,575,588	616,631
Service Cost	8,023,310	-	8,023,310
Interest	22,768,692	-	22,768,692
Differences between expected and actual experience	6,842,376	-	6,842,376
Change in Assumptions	1,661,992	-	1,661,992
Contributions:			
Employer	-	7,647,147	(7,647,147)
Employee	-	3,519,153	(3,519,153)
Net Investment Income	-	18,815,001	(18,815,001)
Plan to Plan Resource Movement	-	6	(6)
Benefit Payments, including refunds of employee contributions	(14,967,316)	(14,967,316)	-
Administrative expenses	-	(341,392)	341,392
Other expenses	-	(348,308)	348,308
Net Changes	<u>26,521,273</u>	<u>15,899,879</u>	<u>10,621,394</u>
Balance at June 30, 2019	<u>\$ 337,739,929</u>	<u>\$ 239,578,522</u>	<u>\$ 98,161,407</u>

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

R. Postemployment Benefits Other Than Pension Benefits

General Information about the OPEB Plan

A. Plan Description

Plan administration: The California Public Employees Retirement System (CalPERS) administers the Chula Vista Elementary 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 employee groups as follows:

The District provides the ability to enroll in retiree health benefits (including medical, dental and vision) to eligible retirees and their dependents. The District's financial obligation is to pay for retiree medical for the retiree only coverage to age 65 subject to an annual maximum benefit allotment. The retiree pays for any amounts above the annual maximum and for the cost of covering dependents. Retirees can elect dental and vision coverage on a self-pay basis. The District does not contribute any retiree health benefits beyond the retiree's attainment of age 65. The current applicable maximum benefit allotments and eligibility for coverage are described below.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

Certificated Employees (Including Charter)

Benefits are covered with an annual maximum is \$6,500 (prior to January 1, 2019, the annual maximum was \$6,000) and is subject to additional increases through collective bargaining. The District also provides \$1,200 for any eligible retiree waiving coverage provided the employee was on a waiver effective January 1, 2016 and remained on a waiver to retirement. Certificated Charter employees are eligible for the \$1,200, regardless of current or future coverage status. Eligibility for retiree health coverage requires retirement under STRS or PERS on or after age 55 with at least 10 years of service (5 years for employees hired prior to October 1, 2007). Certificated staff that were not on waiver prior to January 1, 2016 cannot choose waiver coverage.

Classified Employees (Including Charter)

For Classified employees who were benefit eligible prior to 2008, and who retire with at least 10 years of continuous service, the last 5 years of which must be benefit eligible service shall be grandfathered to a District post employment health care benefit contribution that is based on employee years of service and retirement age with the highest amount being \$8,009. The District also provides \$1,200 for any eligible retiree waiving coverage.

For those classified employees hired on or after 2008, and who retire with at least ten years of continuous service, the last ten of which are benefit eligible service, the District shall contribute an amount up to the maximum of six thousand five hundred dollars (\$6,500) to be applied toward the monthly premium of the District group medical insurance program until the employee reaches age sixty-five (65). (prior to January 1, 2019, the annual maximum was \$6,000). The District also provides \$1,200 for any eligible retiree waiving coverage.

Eligibility for retiree health coverage requires retirement under PERS or STRS on or after age 55 with at least 10 years of continuous service. The last 10 years (5 years for employees who had health benefits prior to 2008) must be benefit eligible service.

Non-Represented Employees

Benefits are covered with an annual maximum for Certificated non-represented employees is \$4,278 effective January 1, 2019 (prior to January 1, 2019 the annual maximum was \$3,778). For all other classified non-represented employees who were benefit eligible prior to 2008, and who retire with at least 10 years of continuous service, the last 5 years of which must be benefit eligible service shall be grandfathered to a District post employment health care benefit contribution that is based on employee years of service and retirement age. The District also provides \$1,200 for any eligible retiree waiving coverage.

For any classified non-represented employee hired on or after 2008, and who retire with at least ten years of continuous service, the last ten of which are benefit eligible service, the District shall contribute an amount up to the maximum of six thousand five hundred dollars (\$6,500) to be applied toward the monthly premium of the District group medical insurance program until the employee reaches age sixty-five (65). The District also provides \$1,200 for any eligible retiree waiving coverage.

Eligibility for retiree health coverage requires retirement under PERS or STRS on or after age 55 with at least 10 years of service (5 years of service for non-represented Certificated employees hired prior to October 1, 2007).

Board Representation

Management of the Plan are vested in the CalPERS Board, which consists of thirteen members. The Board is made up of:

Six Elected Members - Two elected by and from al CalPERS members. One elected by and from all active state members. One elected by and from all active CalPERS school members. One elected by and from all active CalPERS public agency members. Finally one elected by and from retired members of CalPERS.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2019

Three Appointed Members - Two appointed by the Governor consisting of an elected official of a local government and an official of a life insurer. One appointed jointly by the Speaker of the Assembly and the Senate Rules Committee.

Four Ex Officio Members - The State Treasurer, the State Controller, The Director of the California Department of Human Resources, and a Representative of the State Personnel Board.

Employees Covered by Benefit Terms

At measurement date, June 30, 2019, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	164
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	3,090
Total plan membership	<u>3,254</u>

Benefits Provided

In general, the District provides medical benefits to eligible retirees through age 65 up to an annual maximum. Effective in 2007, eligibility for retiree health benefits requires at least 10 years (5 years for certificated employees hired prior to October 1, 2007) of service and retirement under CalSTRS or CalPERS on or after age 55. Detailed plan provisions applicable to each employee group are notated above. The District participates in several partially-experienced rated insurance products for its retiree medical coverage. The premiums billed for retiree medical coverage under age 65 are the same as those for active medical coverage resulting in a rate subsidy.

Contributions

The District makes contributions to CERBT to fund as much of the OEB liability as determined feasible in current operating budget. Contributions are determined by management of the District based on budget implications. Plan members are not required to contribute to the plan.

B. Investments

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the CalPERS Board by a majority vote of its members. It is the policy of CalPERS Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The CERBT provides participating employers with the choice of three investment allocation strategies. The expected rate of return of assets is dependent on the funding strategy of a participating employer and which investment allocation strategy is selected. For employers fully funding their annual required contribution, strategy 1 has a CERBT published median yield of 7.28%, strategy 2 has a published median yield of 6.73% and strategy 3 has a published median yield of 6.12%. The District has elected to participate in CERBT Strategy 1. The Objective of CERBT Strategy 1 portfolio is to seek returns that reflect the broad investment performance of the financial markets through capital appreciation and investment income. There is no guarantee that the portfolio will achieve its investment objective.

Investment Strategy

The CERBT Strategy 1 portfolio is invested in various asset classes in percentages approved by the CalPERS Board. Generally, equities are intended to help build the value of the Plans portfolio over the long term while bonds are intended to help provide income and stability of principal. Also, strategies invested in a higher percentage of equities seek higher investment returns (but assume more risk) compared with strategies invested in a higher percentage of bonds.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

The CERBT Strategy 1 portfolio consists of the following asset classes and corresponding benchmarks:

Asset Class	Target Allocation*	Target Range	Benchmark
Global Equity	57%	+ or - 2%	MSCI All Country World Index IMI (net)
Fixed Income	27%	+ or - 2%	Bloomberg Barclays Long Liability Index
Treasury Inflation-Protected Securities (TIPS)	5%	+ or - 2%	Bloomberg Barclays U.S. TIPS Index, Series L
Real Estate Investment Trusts	8%	+ or - 2%	FTSE EPRA/NAREIT Developed Liquid Index
Commodities	3%	+ or - 2%	S&P GSCI Total return Index

*Allocations were approved by the CalPERS Board at the October 2014 Investment Committee meeting

Concentrations

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

Rate of Return

For the year ended June 30, 2018, the time weighted investment rates of return for CERBT Strategy 1 were:

Category	1 Year Return	3 Year Return	5 Year Return
Total Fund	10.60%	3.70%	8.10%
Global Equity	19.40%	5.20%	11.10%
Global Fixed Income	0.30%	4.30%	3.90%
TIPS	-0.60%	0.60%	0.20%
REITS	-0.10%	3.90%	7.60%
Commodities	-8.90%	-24.80%	-14.00%

Index	1 Year Return	3 Year Return	5 Year Return
CERBT Strategy 1 Policy Index	9.90%	3.20%	7.70%
CERBT S1 Global Equity Benchmark	19.00%	4.90%	10.80%
CalPERS Custom Long Liability (Daily)	-0.90%	3.50%	2.90%
CalPERS TIPS (Daily)	-0.60%	0.60%	0.30%
PERS FTSE EPRA NAREIT Developed Liquid	-0.90%	3.10%	7.00%
GSCI Total Return (Daily)	-9.00%	-24.80%	-13.70%

For the year ended June 30, 2019, the money-weighted rate of return, net of investment expense, was 8.3%.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

C. Net OPEB Liability of the District and the Plan

The District's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of 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 1st to June 30th
- Measurement Date: June 30, 2019
- Funding Policy: Pay-as-you-go
- Asset Return: 7.0% per annum; assumes the District invests in the CERBT asset allocation Strategy 1 with a margin for adverse deviation of 51 bps.
- Discount Rate: 3.41% per annum. The discount rate is a blended rate between the rate of return at 7.25% and 3.15%, the resulting rate using the average of 3 - 20 year municipal bond rate indices: S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20- Bond GO index, Fidelity GO AA 20 Year Bond Index.
- Inflation: 2.75% per annum
- Payroll Increases: 3.00% per annum
- Pre-retirement turnover: According to the Crocker-Sarason T-5 turnover table less mortality. Sample rates are as follows:

Age	Males	Females
20	7.9%	7.9%
25	7.7%	7.7%
30	7.2%	7.2%
35	6.3%	6.3%
40	5.2%	5.2%
45	4.0%	4.0%
50	2.6%	2.6%
55	0.9%	0.9%

Mortality Rates: Mortality rates are based on RPH 2014 mortality table with general improvements using MP 2018.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2019

Retirement Rates:	Percent Retiring*		
	Age	CalSTRS Employees	CalPERS Employees
	55	25%	20%
	56	10%	7.5%
	57-58	10%	10%
	59-60	15%	15%
	61	20%	15%
	62-64	35%	25%
	65	45%	35%
	66-69	35%	30%
	70	100%	100%

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

Retirement Eligibility Age: The earliest retirement age assumed for employees who participate in CalSTRS is age 55. The earliest retirement age assumed for employees who participate in CalPERS is age 50.

Participation Rates: 85% of future active employees are assumed to elect retiree health coverage at retirement. Approximately 75% are assumed to elect the Kaiser HMO 10 Plan and the remainder in the Select HMO Network or the Network I HMO if Certificated employee.

Spouse Coverage: 15% of future retirees electing coverage are assumed to elect coverage for their spouse. Spouses are assumed to be the same age as retiree.

Average Claim Costs: The valuation was based on the premiums and funding rates furnished by the District. These costs include medical and prescription drug for both active and retired employees.

A claim cost curve was developed using an assumption for aging based on the District's covered population (pooled populations from SISC and VEBA were not provided) using Tower Watson HealthMaps. This results in an expected claim cost for every 5 year age bracket. Sample annual medical/Rx costs are provided in the table below.

Age Band	SISC	VEBA
55 to 59	\$9,793	\$10,048
60 to 64	\$12,286	\$12,580

Medical Trend Rates: Medical costs are adjusted in future years by the following trends:

Year	Trend
2020	7.0%
2021	6.5%
2022	6.0%
2023	5.5%
2024+	5.0%

Future Increases on District's Maximum: No future increases are assumed in the current maximum.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

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

The EAN normal cost equals the level annual amount of contribution from the employee’s date of hire (entry date) to their retirement date that is sufficient to fund the projected benefit. For plans unrelated to pay, the normal cost is calculated to remain level in dollars; for pay-related plans 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 the provisions of the Plan listed in the data provided by the District were included in the valuation.

Actuarial Value of Assets: Any assets of the Plan will be valued on a market value basis.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period June 30, 1997 through June 30, 2011 which was completed and adopted by the CalPERS Board in April 2014.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan’s target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Inflation Assets	5.00%	1.25%
Global Debt Securities	25.00%	2.25%
Global Equities	59.00%	5.25%
REITs	8.00%	4.50%
Commodities	3.00%	1.25%
Total	100.00%	

Long Term expected rate of return is 7.00%.

Discount rate

The Discount rate used to measure the total OPEB liability was 3.41% (an decrease from 5.16% used in the June 30, 2018 measurement date). The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2018	\$ 40,551,725	\$ 16,803,428	\$ 23,748,297
Changes for the year:			
Service cost	2,853,372	-	2,853,372
Interest	2,188,955	-	2,188,955
Changes in benefit terms	1,164,376	-	1,164,376
Differences between expected and actual experience	47,586	-	47,586
Changes in assumptions	6,871,166	-	6,871,166
Contributions - Employer	-	995,459	(995,459)
Net investment income	-	986,073	(986,073)
Benefit payments, including refunds of employee contributions	(1,966,958)	(1,966,958)	-
Administrative expenses	-	(8,048)	8,048
Net Changes	11,158,497	6,526	11,151,971
Balance at June 30, 2019	\$ 51,710,222	\$ 16,809,954	\$ 34,900,268

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 (2.41%) or 1-percentage point higher (4.41%) than the current discount rate:

	1% Decrease (2.41%)	Discount Rate (3.41%)	1% Increase (4.41%)
Net OPEB Liability	\$ 39,065,966	\$ 34,900,268	\$ 31,050,312

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 (6% decreasing to 4%) or 1-percentage point higher (8% decreasing to 6%) than the current healthcare cost trend rates:

	1% Decrease 6% decreasing to 4%	Healthcare Cost Trend Rates 7% decreasing to 5%	1% Increase 8% decreasing to 6%
Net OPEB Liability	\$ 29,498,789	\$ 34,900,268	\$ 41,193,645

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the fiduciary fund financial statements found at Exhibits A-10 and A-11.

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$5,697,733. At June 30, 2019 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 6,012,270	\$ 1,451,661
Difference between expected & actual experience	41,638	-
Differences between projected & actual earnings	124,706	87,418
Total	<u>\$ 6,178,614</u>	<u>\$ 1,539,079</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,	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Effect On OPEB Expense
2020	\$ 896,021	\$ (271,083)	\$ 624,938
2021	896,021	(271,083)	624,938
2022	896,021	(271,081)	624,940
2023	896,021	(241,945)	654,076
2024	896,021	(273,120)	622,901
Thereafter	1,698,509	(210,767)	1,487,742
Total	<u>\$ 6,178,614</u>	<u>\$ (1,539,079)</u>	<u>\$ 4,639,535</u>

Payable to the OPEB Plan

At June 30, 2019, the District did not have any payables to the OPEB plan outstanding.

S. Commitments and Contingencies

Litigation

The District is involved in various litigation. In the opinion of management and legal counsel, the disposition of all litigation pending will not have a material effect on the financial statements.

State and Federal Allowances, Awards, and Grants

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

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

T. Construction Commitments

As of June 30, 2019 the District had the following commitments with respect to unfinished capital projects:

	Commitment	Expected Date of Completion*
Construction in Process:		
Modernization - Sunnyside	\$ 12,237,069	August 2019
Modernization - Feaster	23,249,533	August 2020
Phone System Replacement	490,000	June 2021
CNS Kitchen HVAC Replacement	468,952	June 2021

*Expected date of completion subject to change.

U. Subsequent Events

Implementation of New Accounting Guidance

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

GASB 84 - Fiduciary Activities

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. The Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The District expects adjustments to be made to the financial statements resulting from implementation of this GASB Statement but does not expect the adjustments to be material to the financial statements.

GASB 90 - Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or a permanent fund. Those governments and funds should be measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
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YEAR ENDED JUNE 30, 2019

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The District does not currently hold any equity interests in legally separate organizations and as such does not anticipate any adjustments to be made to the financial statements as a result of implementing this GASB Statement.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

EXHIBIT B-1

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	\$ 101,125,465	\$ 95,628,612	\$ 91,923,119	\$ (3,705,493)
Education Protection Account Funds	27,496,813	32,353,955	35,018,761	2,664,806
Local Sources	78,045,258	80,801,252	82,054,609	1,253,357
Federal Revenue	14,837,800	15,503,244	16,229,957	726,713
Other State Revenue	26,082,593	21,685,924	35,700,895	14,014,971
Other Local Revenue	29,768,834	30,497,403	31,522,896	1,025,493
Total Revenues	<u>277,356,763</u>	<u>276,470,390</u>	<u>292,450,237</u>	<u>15,979,847</u>
Expenditures:				
Current:				
Certificated Salaries	128,934,225	130,669,140	129,049,944	1,619,196
Classified Salaries	47,227,325	48,752,727	48,012,696	740,031
Employee Benefits	68,595,032	68,503,023	81,091,745	(12,588,722)
Books And Supplies	8,825,892	9,563,740	7,025,759	2,537,981
Services And Other Operating Expenditures	27,874,530	27,176,197	26,411,101	765,096
Other Outgo	1,532,340	1,441,105	1,281,549	159,556
Direct Support/Indirect Costs	(647,547)	(683,712)	(663,143)	(20,569)
Capital Outlay	1,049,024	2,490,391	2,038,838	451,553
Debt Service:				
Principal	-	-	85,176	(85,176)
Interest	-	-	1,271	(1,271)
Total Expenditures	<u>283,390,821</u>	<u>287,912,611</u>	<u>294,334,936</u>	<u>(6,422,325)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,034,058)</u>	<u>(11,442,221)</u>	<u>(1,884,699)</u>	<u>9,557,522</u>
Other Financing Sources (Uses):				
Transfers Out	(42,210)	(42,210)	(2,425)	39,785
Other Sources	-	-	97,472	97,472
Total Other Financing Sources (Uses)	<u>(42,210)</u>	<u>(42,210)</u>	<u>95,047</u>	<u>137,257</u>
Net Change in Fund Balance	(6,076,268)	(11,484,431)	(1,789,652)	9,694,779
Fund Balance, July 1	46,034,142	46,034,142	46,034,142	-
Fund Balance, June 30	<u>\$ 39,957,874</u>	<u>\$ 34,549,711</u>	<u>\$ 44,244,490</u>	<u>\$ 9,694,779</u>

See Accompanying Notes to Required Supplementary Information.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

EXHIBIT B-2

CHARTER SCHOOL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
LCFF Sources:				
State Apportionment or State Aid	\$ 29,005,742	\$ 27,282,256	\$ 26,269,527	\$ (1,012,729)
Education Protection Account Funds	7,620,063	8,752,426	9,502,602	750,176
Local Sources	19,788,161	20,894,395	20,269,509	(624,886)
Federal Revenue	2,131,160	2,309,160	1,924,137	(385,023)
Other State Revenue	5,664,275	4,923,720	7,235,032	2,311,312
Other Local Revenue	528,272	612,673	903,391	290,718
Total Revenues	<u>64,737,673</u>	<u>64,774,630</u>	<u>66,104,198</u>	<u>1,329,568</u>
Expenditures:				
Current:				
Certificated Salaries	25,911,591	26,212,726	26,167,230	45,496
Classified Salaries	5,691,281	5,840,370	5,791,183	49,187
Employee Benefits	11,946,599	11,843,575	13,772,458	(1,928,883)
Books And Supplies	3,436,329	4,163,915	3,005,659	1,158,256
Services And Other Operating Expenditures	14,751,151	15,142,673	14,963,192	179,481
Capital Outlay	505,000	657,000	186,801	470,199
Debt Service:				
Principal	-	-	46,530	(46,530)
Interest	-	-	1,747	(1,747)
Total Expenditures	<u>62,241,951</u>	<u>63,860,259</u>	<u>63,934,800</u>	<u>(74,541)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,495,722</u>	<u>914,371</u>	<u>2,169,398</u>	<u>1,255,027</u>
Other Financing Sources (Uses):				
Transfers Out	(592,788)	(592,788)	(592,788)	-
Other Sources	-	-	27,419	27,419
Total Other Financing Sources (Uses)	<u>(592,788)</u>	<u>(592,788)</u>	<u>(565,369)</u>	<u>27,419</u>
Net Change in Fund Balance	1,902,934	321,583	1,604,029	1,282,446
Fund Balance, July 1	17,767,045	17,767,045	17,767,045	-
Fund Balance, June 30	<u>\$ 19,669,979</u>	<u>\$ 18,088,628</u>	<u>\$ 19,371,074</u>	<u>\$ 1,282,446</u>

See Accompanying Notes to Required Supplementary Information.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS *

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
District's proportion of the net pension liability (asset)	0.2863%	0.2674%	0.2629%	0.2722%	0.2486%	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 263,171,088	\$ 247,331,021	\$ 212,619,782	\$ 183,229,918	\$ 145,264,393	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ 151,233,881	\$ 146,874,862	\$ 119,057,131	\$ 101,053,192	\$ 92,447,062	N/A	N/A	N/A	N/A	N/A
Total share of net pension liability (asset) associated with the District	\$ 414,404,969	\$ 394,205,883	\$ 331,676,913	\$ 284,283,110	\$ 237,711,455	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 152,068,960	\$ 141,405,525	\$ 130,607,697	\$ 125,770,927	\$ 110,149,188	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	173.06%	174.91%	162.79%	145.69%	131.88%	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	70.99%	69.46%	70.04%	74.02%	76.52%	N/A	N/A	N/A	N/A	N/A

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

N/A - 2014-15 was the first implementation year and as such, no information is being presented for years prior to implementation.

See Accompanying Notes to Required Supplementary Information

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS *

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 24,926,197	\$ 21,943,551	\$ 17,788,815	\$ 14,014,206	\$ 11,168,458	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(24,926,197)	(21,943,551)	(17,788,815)	(14,014,206)	(11,168,458)	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 153,109,318	\$ 152,068,960	\$ 141,405,525	\$ 130,607,698	\$ 125,770,927	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	16.28%	14.43%	12.58%	10.73%	8.88%	N/A	N/A	N/A	N/A	N/A

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

Notes to Schedule:

N/A - 2014-15 was the first year of implementation and as such, information is not being presented for years prior to implementation.

See Accompanying Notes to Required Supplementary Information

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS *

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
District's proportion of the net pension liability (asset)	0.3693%	0.3667%	0.3580%	0.3595%	0.3469%	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 98,461,407	\$ 87,540,013	\$ 70,709,101	\$ 52,997,397	\$ 39,379,678	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 49,238,021	\$ 47,097,408	\$ 43,354,984	\$ 39,983,840	\$ 36,473,082	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	199.97%	185.87%	163.09%	132.55%	107.97%	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	70.85%	71.87%	73.90%	79.43%	83.38%	N/A	N/A	N/A	N/A	N/A

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

N/A - 2014-15 was the first year of implementation and as such, years previous to implementation are not presented in this schedule.

See Accompanying Notes to Required Supplementary Information

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM
 LAST TEN FISCAL YEARS *

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 9,498,124	\$ 7,647,157	\$ 6,540,888	\$ 5,136,265	\$ 4,706,498	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(9,498,124)	(7,647,157)	(6,540,888)	(5,136,265)	(4,706,498)	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A
District's covered-employee payroll	\$ 52,586,225	\$ 49,238,021	\$ 47,097,408	\$ 43,354,984	\$ 39,983,842	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	18.062%	15.531%	13.888%	11.847%	11.771%	N/A	N/A	N/A	N/A	N/A

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

N/A - 2014-15 fiscal year was the first year of implementation and as such, years previous to implementation are not presented in this schedule.

See Accompanying Notes to Required Supplementary Information

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
 SCHEDULE OF CHANGES IN THE DISTRICT'S
 NET OPEB LIABILITY AND RELATED RATIOS
 CVESD RETIREE HEALTH BENEFIT PLAN
 LAST TEN FISCAL YEARS *

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total OPEB liability:										
Service cost	\$ 2,853,372	\$ 2,953,889	\$ 3,138,563	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Interest	2,188,955	1,872,800	1,563,808	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes of benefit terms	1,164,376	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Differences between expected and actual experience	47,586	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	6,871,166	(1,935,574)	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments, including refunds of employee contributions	(1,966,958)	(1,638,242)	(1,724,807)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	11,158,497	1,252,873	2,977,564	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	40,551,725	39,298,852	36,321,288	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending (a)	\$ 51,710,222	\$ 40,551,725	\$ 39,298,852	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Plan fiduciary net position:										
Contributions - employer	\$ 995,459	\$ 2,599,144	\$ 3,287,739	\$ N/A	\$ 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	N/A
Net investment income	986,073	1,204,287	1,353,456	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments, including refunds of employee contributions	(1,966,958)	(1,638,242)	(1,864,078)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expense	(8,048)	(8,024)	(6,985)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in plan fiduciary net position	6,526	2,157,165	2,770,132	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position - beginning	16,803,428	14,646,263	11,876,131	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position - ending (b)	\$ 16,809,954	\$ 16,803,428	\$ 14,646,263	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
District's net OPEB liability - ending (a) - (b)	\$ 34,900,268	\$ 23,748,297	\$ 24,652,589	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Plan fiduciary net position as a percentage of the total OPEB liability	32.51%	41.44%	37.27%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered-employee payroll	\$ 201,219,698	\$ 184,304,000	\$ 184,304,000	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
District's net OPEB liability as a percentage of covered-employee payroll	17.34%	12.89%	13.38%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

See Accompanying Notes to Required Supplementary Information

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 CVESD RETIREE HEALTH BENEFIT PLAN
 LAST TEN FISCAL YEARS *

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions in relation to the actuarially determined contribution	(995,459)	(2,599,144)	(3,287,739)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	<u>\$ (995,459)</u>	<u>\$ (2,599,144)</u>	<u>\$ (3,287,739)</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
Covered-employee payroll	\$ 184,304,000	\$ 184,304,000	\$ 184,304,000	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions as a percentage of covered-employee payroll	0.54%	1.41%	1.78%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

The Plan does not have actuarially determined contributions.

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for those years for which information is available.

See Accompanying Notes to Required Supplementary Information

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

EXHIBIT B-9

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
CVESD RETIREE HEALTH BENEFIT PLAN
LAST TEN FISCAL YEARS*

<u>Year</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2019	7.3%
2018	7.2%
2017	10.0%
2016	1.6%
2015	N/A
2014	N/A
2013	N/A
2012	N/A
2011	N/A
2010	N/A

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, OPEB plans should present information for those years for which information is available.

N/A - The money-weighted rate of return, net of investment expenses is not available for periods prior to 2016.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2019

Excess of Expenditures Over Appropriations

As of June 30, 2019, expenditures exceeded appropriations in individual budgeted funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>	<u>Reason for Excess Expenditures</u>
General Fund		
Employee Benefits	\$ 12,588,722	The underestimation resulted from the additional on behalf payment contributions made by the state as a result of SB90 passed on 6/28/19.
Debt Service Principal	85,176	The underestimation resulted from not budgeting for debt service payments.
Debt Service Interest	1,271	The underestimation resulted from not budgeting for debt service payments.
Charter School Fund		
Employee Benefits	\$ 1,928,883	The underestimation resulted from the additional on behalf payment contributions made by the state as a result of SB90 passed on 6/28/19.
Debt Service Principal	46,530	The underestimation resulted from not budgeting for debt service payments.
Debt Service Interest	1,747	The underestimation resulted from not budgeting for debt service payments.

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.

Schedule of District's Proportionate Share - California State Teachers' Retirement System

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

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2019

Schedule of District's Contributions - California State Teachers' Retirement System

The total pension liability for California State Teachers Retirement System was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2013, 2014, 2015, 2016 & 2017 and rolling forward the total pension liabilities to the June 30, 2014, 2015, 2016, 2017 & 2018 (measurement dates). In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

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

<u>Reporting Period</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>
Measurement Date	06/30/17	06/30/18
Valuation Date	06/30/16	06/30/17
Experience Study	07/01/10 - 06/30/15	07/01/10 - 06/30/15
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.10%	7.10%
Consumer Price Inflation	2.75%	2.75%
Wage Growth (Average)	3.50%	3.50%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple

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

Schedule of District's Proportionate Share - California Public Employees Retirement System

1) Benefit Changes: In 2015, 2016, 2017, 2018 & 2019 there were no changes to benefits

2) Changes in Assumptions: In 2015 and 2017 there were no changes in assumptions. In 2016 the discount rate was changed from 7.5% to 7.65%. In 2018 the discount rate was changed from 7.65% to 7.15%. In 2019, demographic assumptions and inflation rate were changed in accordance to the CalPERS experience study and review of Actuarial Assumptions December 2017, there were no changes to the discount rate in this period.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

Schedule of District's Contributions - California Public Employees' Retirement System

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

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

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

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

1) Benefit Changes: In 2018 there were no changes to benefits. In 2019 the District made changes to benefit terms consistent with bargaining agreements.

2) Changes in Assumptions: In 2018 the discount rate was changed from 4.52% to 5.16%. In 2019 the discount rate was changed from 5.16% to 3.41%. There were no additional changes in assumptions.

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

<u>Year</u>	<u>Discount Rate</u>
2017	4.52%
2018	5.16%
2019	3.41%

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

Schedule of District's Contributions to OPEB Plan

The District is not currently obtaining actuarially determined contributions. The District is funding OPEB contributions on a pay-as-you-go basis plus any amounts determined through the budgetary process to add to the OPEB trust.

Combining Statements as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2019

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
ASSETS:				
Cash in County Treasury	\$ 724,411	\$ 9,142,474	\$ 7,986,483	\$ 17,853,368
Cash on Hand and in Banks	1,433,892	-	-	1,433,892
Accounts Receivable	3,034,995	-	47,366	3,082,361
Due from Other Funds	4,903	-	1,070	5,973
Stores Inventories	46,438	-	-	46,438
Total Assets	<u>5,244,639</u>	<u>9,142,474</u>	<u>8,034,919</u>	<u>22,422,032</u>
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	\$ 324,673	\$ -	\$ 126,559	\$ 451,232
Due to Other Funds	180,199	-	39,158	219,357
Total Liabilities	<u>504,872</u>	<u>-</u>	<u>165,717</u>	<u>670,589</u>
Fund Balance:				
Nonspendable Fund Balances:				
Stores Inventories	46,438	-	-	46,438
Restricted Fund Balances	4,343,843	9,142,474	4,199,973	17,686,290
Assigned Fund Balances	349,486	-	3,669,229	4,018,715
Total Fund Balance	<u>4,739,767</u>	<u>9,142,474</u>	<u>7,869,202</u>	<u>21,751,443</u>
Total Liabilities and Fund Balances	<u>\$ 5,244,639</u>	<u>\$ 9,142,474</u>	<u>\$ 8,034,919</u>	<u>\$ 22,422,032</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
Revenues:				
Federal Revenue	\$ 10,397,600	\$ -	\$ -	\$ 10,397,600
Other State Revenue	5,258,969	79,564	432	5,338,965
Other Local Revenue	1,936,574	10,112,157	1,611,713	13,660,444
Total Revenues	<u>17,593,143</u>	<u>10,191,721</u>	<u>1,612,145</u>	<u>29,397,009</u>
Expenditures:				
Current:				
Instruction	3,319,488	-	-	3,319,488
Instruction - Related Services	645,785	-	-	645,785
Pupil Services	12,492,274	-	-	12,492,274
General Administration	663,143	-	7,688	670,831
Plant Services	114,474	-	1,023,913	1,138,387
Capital Outlay	129,671	-	177,935	307,606
Debt Service:				
Principal	-	13,750,000	5,000,000	18,750,000
Interest	-	10,521,611	-	10,521,611
Total Expenditures	<u>17,364,835</u>	<u>24,271,611</u>	<u>6,209,536</u>	<u>47,845,982</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>228,308</u>	<u>(14,079,890)</u>	<u>(4,597,391)</u>	<u>(18,448,973)</u>
Other Financing Sources (Uses):				
Transfers In	2,425	13,705,061	-	13,707,486
Other Sources	-	1,861	-	1,861
Total Other Financing Sources (Uses)	<u>2,425</u>	<u>13,706,922</u>	<u>-</u>	<u>13,709,347</u>
Net Change in Fund Balance	230,733	(372,968)	(4,597,391)	(4,739,626)
Fund Balance, July 1	4,509,034	9,515,442	12,466,593	26,491,069
Fund Balance, June 30	<u>\$ 4,739,767</u>	<u>\$ 9,142,474</u>	<u>\$ 7,869,202</u>	<u>\$ 21,751,443</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2019

	Child Development Fund	Cafeteria Fund	Pupil Transportation Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
ASSETS:				
Cash in County Treasury	\$ 376,661	\$ 300	\$ 347,450	\$ 724,411
Cash on Hand and in Banks	-	1,433,892	-	1,433,892
Accounts Receivable	561,368	2,471,304	2,323	3,034,995
Due from Other Funds	4,903	-	-	4,903
Stores Inventories	-	46,438	-	46,438
Total Assets	<u>942,932</u>	<u>3,951,934</u>	<u>349,773</u>	<u>5,244,639</u>
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts Payable	\$ 107,343	\$ 217,330	\$ -	\$ 324,673
Due to Other Funds	179,912	-	287	180,199
Total Liabilities	<u>287,255</u>	<u>217,330</u>	<u>287</u>	<u>504,872</u>
Fund Balance:				
Nonspendable Fund Balances:				
Stores Inventories	-	46,438	-	46,438
Restricted Fund Balances	655,677	3,688,166	-	4,343,843
Assigned Fund Balances	-	-	349,486	349,486
Total Fund Balance	<u>655,677</u>	<u>3,734,604</u>	<u>349,486</u>	<u>4,739,767</u>
Total Liabilities and Fund Balances	<u>\$ 942,932</u>	<u>\$ 3,951,934</u>	<u>\$ 349,773</u>	<u>\$ 5,244,639</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Child Development Fund	Cafeteria Fund	Pupil Transportation Fund	Total Nonmajor Special Revenue Funds (See Exhibit C-2)
Revenues:				
Federal Revenue	\$ -	\$ 10,397,600	\$ -	\$ 10,397,600
Other State Revenue	4,291,890	967,079	-	5,258,969
Other Local Revenue	18,088	1,910,299	8,187	1,936,574
Total Revenues	<u>4,309,978</u>	<u>13,274,978</u>	<u>8,187</u>	<u>17,593,143</u>
Expenditures:				
Current:				
Instruction	3,319,488	-	-	3,319,488
Instruction - Related Services	645,785	-	-	645,785
Pupil Services	45	12,424,130	68,099	12,492,274
General Administration	144,628	518,515	-	663,143
Plant Services	114,474	-	-	114,474
Capital Outlay	13,334	116,337	-	129,671
Total Expenditures	<u>4,237,754</u>	<u>13,058,982</u>	<u>68,099</u>	<u>17,364,835</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>72,224</u>	<u>215,996</u>	<u>(59,912)</u>	<u>228,308</u>
Other Financing Sources (Uses):				
Transfers In	2,425	-	-	2,425
Total Other Financing Sources (Uses)	<u>2,425</u>	<u>-</u>	<u>-</u>	<u>2,425</u>
Net Change in Fund Balance	74,649	215,996	(59,912)	230,733
Fund Balance, July 1	581,028	3,518,608	409,398	4,509,034
Fund Balance, June 30	<u>\$ 655,677</u>	<u>\$ 3,734,604</u>	<u>\$ 349,486</u>	<u>\$ 4,739,767</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

COMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS
 JUNE 30, 2019

	Bond Interest & Redemption	Blended Component Unit	Total Nonmajor Debt Service Funds (See Exhibit C-1)
ASSETS:			
Cash in County Treasury	\$ 9,142,474	\$ -	\$ 9,142,474
Total Assets	<u>9,142,474</u>	<u>-</u>	<u>9,142,474</u>
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:			
Restricted Fund Balances	\$ 9,142,474	\$ -	\$ 9,142,474
Total Fund Balance	<u>9,142,474</u>	<u>-</u>	<u>9,142,474</u>
Total Liabilities and Fund Balances	<u>\$ 9,142,474</u>	<u>\$ -</u>	<u>\$ 9,142,474</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Bond Interest & Redemption	Blended Component Unit	Total Nonmajor Debt Service Funds (See Exhibit C-2)
Revenues:			
Other State Revenue	\$ 79,564	\$ -	\$ 79,564
Other Local Revenue	10,112,157	-	10,112,157
Total Revenues	<u>10,191,721</u>	<u>-</u>	<u>10,191,721</u>
Expenditures:			
Current:			
Debt Service:			
Principal	5,530,000	8,220,000	13,750,000
Interest	5,036,550	5,485,061	10,521,611
Total Expenditures	<u>10,566,550</u>	<u>13,705,061</u>	<u>24,271,611</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(374,829)</u>	<u>(13,705,061)</u>	<u>(14,079,890)</u>
Other Financing Sources (Uses):			
Transfers In	-	13,705,061	13,705,061
Other Sources	1,861	-	1,861
Total Other Financing Sources (Uses)	<u>1,861</u>	<u>13,705,061</u>	<u>13,706,922</u>
Net Change in Fund Balance	(372,968)	-	(372,968)
Fund Balance, July 1	9,515,442	-	9,515,442
Fund Balance, June 30	<u>\$ 9,142,474</u>	<u>\$ -</u>	<u>\$ 9,142,474</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2019

	Capital Facilities Fund	County School Facilities Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
ASSETS:			
Cash in County Treasury	\$ 7,683,826	\$ 302,657	\$ 7,986,483
Accounts Receivable	45,354	2,012	47,366
Due from Other Funds	1,070	-	1,070
Total Assets	<u>7,730,250</u>	<u>304,669</u>	<u>8,034,919</u>
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts Payable	\$ 102,139	\$ 24,420	\$ 126,559
Due to Other Funds	39,158	-	39,158
Total Liabilities	<u>141,297</u>	<u>24,420</u>	<u>165,717</u>
Fund Balance:			
Restricted Fund Balances	3,919,724	280,249	4,199,973
Assigned Fund Balances	3,669,229	-	3,669,229
Total Fund Balance	<u>7,588,953</u>	<u>280,249</u>	<u>7,869,202</u>
Total Liabilities and Fund Balances	<u>\$ 7,730,250</u>	<u>\$ 304,669</u>	<u>\$ 8,034,919</u>

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Capital Facilities Fund	County School Facilities Fund	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
Revenues:			
Other State Revenue	\$ 432	\$ -	\$ 432
Other Local Revenue	1,599,093	12,620	1,611,713
Total Revenues	<u>1,599,525</u>	<u>12,620</u>	<u>1,612,145</u>
Expenditures:			
Current:			
General Administration	7,688	-	7,688
Plant Services	1,010,075	13,838	1,023,913
Capital Outlay	153,515	24,420	177,935
Debt Service:			
Principal	5,000,000	-	5,000,000
Total Expenditures	<u>6,171,278</u>	<u>38,258</u>	<u>6,209,536</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,571,753)</u>	<u>(25,638)</u>	<u>(4,597,391)</u>
Net Change in Fund Balance	(4,571,753)	(25,638)	(4,597,391)
Fund Balance, July 1	12,160,706	305,887	12,466,593
Fund Balance, June 30	<u>\$ 7,588,953</u>	<u>\$ 280,249</u>	<u>\$ 7,869,202</u>

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

Supplementary Information Section

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

LOCAL EDUCATION AGENCY

ORGANIZATION STRUCTURE

JUNE 30, 2019

The Chula Vista Elementary School District was established in 1892 and is comprised of an area of approximately 103 square miles in San Diego County. There were no changes in the boundaries of the District during the current fiscal year. The District is currently operating forty six elementary schools and is the largest kindergarten through grade six district in the state. In April 1994, the District authorized the Mueller Charter School which provides education to students in grades K-12. In May 1994, the District authorized the Discovery Charter School which provides education to students in grades K-8. In August 1997, the District authorized the Feaster Charter School which provides education to students in grades K-8. In July 1998, the District authorized the Chula Vista Learning Community Charter School which provides education to students in grades K-12. In May 2002, the District authorized the Arroyo Vista Charter School which provides education to students in grades K-8. In addition to the forty-six schools, in July 2009, the District authorized the Leonardo Da Vinci Health Sciences Charter School which is organized under the Non-Profit Public Benefit Corporation Law which provides education to students in grades K-6. In February 2011, the District authorized the Howard Gardner Community Charter School which is organized under the Non-Profit Public Benefit Corporation Law which provides education to students in grades K-8. In May 2018, the District authorized the Learning Choice Academy - Chula Vista, which was established under Nonprofit Public Benefit Corporation Law and which provides education to students in grades K-12.

Governing Board

<u>Name</u>	<u>Office</u>	<u>Term and Term Expiration</u>
Laurie K. Humphrey	President	Four Year Term Expires December 2020
Armando Farias	Vice President	Four Year Term Expires December 2020
Eduardo Reyes	Clerk	Four Year Term Expires December 2022
Leslie Ray Bunker	Member	Four Year Term Expires December 2022
Francisco Tamayo	Member	Four Year Term Expires December 2020

Administration

Francisco Escobedo, Ed.D
Superintendent

Oscar Esquivel
Deputy Superintendent

Jeffrey J. Thiel, Ed.D
Assistant Superintendent
Human Resources

Matthew Tessier, Ed.D
Assistant Superintendent
Innovation & Instruction

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2019

TABLE D-1

Chula Vista Elementary School District

	Second Period Report Certificate #43E2EC21		Annual Report Certificate #16A4704B	
	Original	Revised	Original	Revised
TK/K-3:				
Regular ADA	12,736.62	N/A	12,754.16	N/A
Extended Year Special Education	7.76	N/A	7.76	N/A
Nonpublic, Nonsectarian Schools	0.77	N/A	1.89	N/A
TK/K-3 Totals	<u>12,745.15</u>	<u>N/A</u>	<u>12,763.81</u>	<u>N/A</u>
Grades 4-6:				
Regular ADA	9,576.54	N/A	9,586.10	N/A
Extended Year Special Education	9.82	N/A	9.82	N/A
Nonpublic, Nonsectarian Schools	3.77	N/A	4.80	N/A
Extended Year - Nonpublic	0.81	N/A	0.81	N/A
Grades 4-6 Totals	<u>9,590.94</u>	<u>N/A</u>	<u>9,601.53</u>	<u>N/A</u>
Grades 9-12:				
Nonpublic, Nonsectarian Schools	-	N/A	0.63	N/A
Grades 9-12 Totals	<u>-</u>	<u>N/A</u>	<u>0.63</u>	<u>N/A</u>
ADA Totals	<u>22,336.09</u>	<u>N/A</u>	<u>22,365.97</u>	<u>N/A</u>

Arroyo Vista Charter School

	Second Period Report Certificate #D23A126C		Annual Report Certificate #5A9EC988	
	Original	Revised	Original	Revised
TK/K-3:				
Regular ADA - Classroom Based	433.92	N/A	432.74	N/A
Grades 4-6:				
Regular ADA - Classroom Based	324.20	N/A	324.00	N/A
Grades 7 and 8:				
Regular ADA - Classroom Based	<u>181.16</u>	<u>N/A</u>	<u>180.27</u>	<u>N/A</u>
ADA Totals	<u>939.28</u>	<u>N/A</u>	<u>937.01</u>	<u>N/A</u>

Chula Vista Learning Charter School

	Second Period Report Certificate #9DFE5AF1		Annual Report Certificate #359BA257	
	Original	Revised	Original	Revised
TK/K-3:				
Regular ADA - Classroom Based	444.33	N/A	443.96	N/A
Grades 4 through 6:				
Regular ADA - Classroom Based	399.00	N/A	398.87	N/A
Grades 7 through 8:				
Regular ADA - Classroom Based	245.05	N/A	245.24	N/A
Grades 9 through 12:				
Regular ADA - Classroom Based	<u>387.03</u>	<u>N/A</u>	<u>386.22</u>	<u>N/A</u>
ADA Totals	<u>1,475.41</u>	<u>N/A</u>	<u>1,474.29</u>	<u>N/A</u>

Discovery Charter School

	Second Period Report Certificate #61209B06		Annual Report Certificate #11F84A48	
	Original	Revised	Original	Revised
TK/K-3:				
Regular ADA - Classroom Based	461.71	N/A	461.50	N/A
Grades 4-6:				
Regular ADA - Classroom Based	332.92	N/A	332.14	N/A
Grades 7 and 8:				
Regular ADA - Classroom Based	109.55	N/A	109.51	N/A
ADA Totals	<u>904.18</u>	<u>N/A</u>	<u>903.15</u>	<u>N/A</u>

Feaster Charter School

	Second Period Report Certificate #41D88DA0		Annual Report Certificate #71849CE5	
	Original	Revised	Original	Revised
TK/K-3:				
Regular ADA - Classroom Based	570.36	N/A	571.03	N/A
Grades 4-6:				
Regular ADA - Classroom Based	420.47	N/A	417.59	N/A
Grades 7 and 8:				
Regular ADA - Classroom Based	176.12	N/A	175.36	N/A
ADA Totals	<u>1,166.95</u>	<u>N/A</u>	<u>1,163.98</u>	<u>N/A</u>

Mueller Charter School

	Second Period Report Certificate #316C415E		Annual Report Certificate #CACDD6DD	
	Original	Revised	Original	Revised
TK/K-3:				
Regular ADA - Classroom Based	476.37	N/A	476.43	N/A
Grades 4 through 6:				
Regular ADA - Classroom Based	367.65	N/A	367.26	N/A
Grades 7 through 8:				
Regular ADA - Classroom Based	189.52	N/A	188.57	N/A
Grades 9 through 12				
Regular ADA - Classroom Based	475.16	N/A	473.85	N/A
ADA Totals	<u>1,508.70</u>	<u>N/A</u>	<u>1,506.11</u>	<u>N/A</u>

N/A - There were no audit findings which resulted in necessary revisions to attendance.

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

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2019

TABLE D-2

Grade Level	Ed. Code Minutes Requirement	2018-19 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Chula Vista Elementary School District					
Transitional Kindergarten	36,000	36,000	180	-	Complied
Kindergarten	36,000	52,700	180	-	Complied
Grade 1	50,400	50,500	180	-	Complied
Grade 2	50,400	50,500	180	-	Complied
Grade 3	50,400	50,500	180	-	Complied
Grade 4	54,000	54,000	180	-	Complied
Grade 5	54,000	54,000	180	-	Complied
Grade 6	54,000	54,000	180	-	Complied
Arroyo Vista Charter School					
Transitional Kindergarten	36,000	36,000	180	-	Complied
Kindergarten	36,000	57,600	180	-	Complied
Grade 1	50,400	52,950	180	-	Complied
Grade 2	50,400	52,950	180	-	Complied
Grade 3	50,400	52,950	180	-	Complied
Grade 4	54,000	54,900	180	-	Complied
Grade 5	54,000	54,900	180	-	Complied
Grade 6	54,000	54,900	180	-	Complied
Grade 7	54,000	62,500	180	-	Complied
Grade 8	54,000	62,500	180	-	Complied
Chula Vista Learning Charter School					
Transitional Kindergarten	36,000	61,500	180	-	Complied
Kindergarten	36,000	61,500	180	-	Complied
Grade 1	50,400	58,800	180	-	Complied
Grade 2	50,400	58,800	180	-	Complied
Grade 3	50,400	58,800	180	-	Complied
Grade 4	54,000	58,800	180	-	Complied
Grade 5	54,000	58,800	180	-	Complied
Grade 6	54,000	58,800	180	-	Complied
Grade 7	54,000	58,800	180	-	Complied
Grade 8	54,000	58,800	180	-	Complied
Grade 9	64,800	66,350	180	-	Complied
Grade 10	64,800	66,350	180	-	Complied
Grade 11	64,800	66,350	180	-	Complied
Grade 12	64,800	66,350	180	-	Complied
Discovery Charter School					
Kindergarten	36,000	57,050	180	-	Complied
Grade 1	50,400	55,100	180	-	Complied
Grade 2	50,400	55,100	180	-	Complied
Grade 3	50,400	55,100	180	-	Complied
Grade 4	54,000	55,100	180	-	Complied
Grade 5	54,000	55,100	180	-	Complied
Grade 6	54,000	55,100	180	-	Complied
Grade 7	54,000	57,050	180	-	Complied
Grade 8	54,000	57,050	180	-	Complied

Grade Level	Ed. Code Minutes Requirement	2018-19 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Feaster Charter School					
Transitional Kindergarten	36,000	36,000	180	-	Complied
Kindergarten	36,000	70,950	180	-	Complied
Grade 1	50,400	67,350	180	-	Complied
Grade 2	50,400	67,350	180	-	Complied
Grade 3	50,400	67,350	180	-	Complied
Grade 4	54,000	67,350	180	-	Complied
Grade 5	54,000	67,350	180	-	Complied
Grade 6	54,000	67,350	180	-	Complied
Grade 7	54,000	71,100	180	-	Complied
Grade 8	54,000	71,100	180	-	Complied
Mueller Charter School					
Transitional Kindergarten	36,000	55,275	180	-	Complied
Kindergarten	36,000	55,275	180	-	Complied
Grade 1	50,400	55,480	180	-	Complied
Grade 2	50,400	55,480	180	-	Complied
Grade 3	50,400	55,480	180	-	Complied
Grade 4	54,000	55,480	180	-	Complied
Grade 5	54,000	55,480	180	-	Complied
Grade 6	54,000	55,480	180	-	Complied
Grade 7	54,000	62,685	180	-	Complied
Grade 8	54,000	62,685	180	-	Complied
Grade 9	64,800	69,810	180	-	Complied
Grade 10	64,800	69,810	180	-	Complied
Grade 11	64,800	69,810	180	-	Complied
Grade 12	64,800	69,810	180	-	Complied

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

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46207. The District and each charter school met or exceeded their target funding.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
 SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
 YEAR ENDED JUNE 30, 2019

TABLE D-3

General Fund	Budget 2020 (Note 1)	2019	2018	2017
Revenues and other financial sources	\$ 284,743,074	\$ 292,547,709	\$ 263,226,815	\$ 262,921,553
Expenditures, other uses and transfers out	294,389,586	294,337,361	273,956,898	269,041,526
Change in fund balance (deficit)	(9,646,512)	(1,789,652)	(10,730,083)	(6,119,973)
Ending fund balance	\$ 34,597,978	\$ 44,244,490	\$ 46,034,142	\$ 56,764,225
Available reserves (Note 2)	\$ 33,254,526	\$ 40,703,663	\$ 43,031,763	\$ 53,461,847
Available reserves as a percentage of total outgo (Note 3)	11.76%	14.96%	16.23%	20.53%
Total long-term debt	\$ 257,168,656	\$ 273,662,212	\$ 293,737,176	\$ 310,100,359
Average daily attendance at P-2 (Note 4)	28,676	28,331	28,599	28,529

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 fund balance of the general fund has decreased by \$18,639,708 (29.64%) over the past three years. The fiscal year 2019-20 budget projects a decrease of \$9,646,512 (21.80%). For a district of this size, the State recommends available reserves of at least 3% of total general fund expenditures, transfers out and other uses (total outgo).

Total long-term debt has decreased by \$36,438,147 over the past two years.

Average daily attendance (ADA) has decreased by 198 over the past two years, including charter schools.

Notes:

- 1 Budget 2020 is included for analytical purposes only and has not been subjected to audit.
- 2 Available reserves consist of all assigned fund balances, all unassigned fund balances and all funds reserved for economic uncertainties contained within the General Fund.
- 3 On behalf payments of \$22,165,693*, \$8,775,864*, and \$8,694,975* have been excluded from the calculation of available reserves for the fiscal years ending June 30, 2019, 2018 and 2017. Additionally, \$11,526,015 has been excluded from the calculation of available reserves for budget year June 30, 2020.
- 4 Average Daily Attendance includes the ADA from district schools and charter schools.

*Amounts represent on behalf payments posted in the general fund only, remaining on behalf payments are posted in the charter school fund and the child development fund.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

TABLE D-4

The ending fund balances reported in this audit report for all funds are in agreement with the amounts reported by the District in their Unaudited Financial Statement submission to the California Department of Education.

This schedule provides the information necessary to reconcile the fund balances of all funds and the total liabilities balance of the general long-term debt account group as reported on the SACS report to the audited financial statements. Funds that required no adjustment are not presented.

The Chula Vista Elementary School District charters the following eight charter schools:

Charter Schools	Charter Number	Included In Audit?
Arroyo Vista Charter School	0483	Yes
Chula Vista Learning Community Charter School	0135	Yes
Discovery Charter School	0054	Yes
Feaster Charter School	0121	Yes
Leonardo Da Vinci Health Sciences Charter School	1082	No
Mueller Charter School	0064	Yes
Howard Gardner Community Charter School	1308	No
Learning Choice Academy - Chula Vista	2001	No

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2019

TABLE D-6

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
CHILD NUTRITION CLUSTER:				
<u>U. S. Department of Agriculture</u>				
Passed Through State Department of Education:				
School Breakfast Program	10.553	13526	\$ -	\$ 2,062,398
National School Lunch Program	10.555	13396	-	7,627,507
National School Lunch Program Noncash Commodities	10.555	13396	-	707,694
Total Passed Through State Department of Education			-	10,397,599
Total U. S. Department of Agriculture			-	10,397,599
Total Child Nutrition Cluster			-	10,397,599
FISH AND WILDLIFE CLUSTER:				
<u>U. S. Department of the Interior</u>				
Direct Program:				
Wild Life Restoration	15.611	-	-	7,991
Total U. S. Department of the Interior			-	7,991
Total Fish and Wildlife Cluster			-	7,991
SPECIAL EDUCATION (IDEA) CLUSTER:				
<u>U. S. Department of Education</u>				
Passed Through State Department of Education:				
Special Education: IDEA Local Private Schools	84.027	10115		52,295
Special Education: IDEA Basic	84.027	13379	-	5,807,528
Special Education: IDEA Preschool Local	84.027	13682	-	1,980
Special Education: IDEA Mental Health	84.027	14468	-	334,151
Special Education: IDEA Preschool	84.173	13430	-	269,527
Special Education: IDEA Preschool Staff Development	84.173	13431	-	3,062
Total Passed Through State Department of Education			-	6,468,543
Total U. S. Department of Education			-	6,468,543
Total Special Education (IDEA) Cluster			-	6,468,543
OTHER PROGRAMS:				
<u>U. S. Department of Health and Human Services</u>				
Passed Through Episcopal Community Services:				
Head Start	93.600	HSPY52	-	264,358
Total U. S. Department of Health and Human Services			-	264,358
<u>U. S. Department of Education</u>				
Direct Program:				
Impact Aid - P.L. 81.874	84.041	-	-	755,916
Passed Through State Department of Education:				
Title I Part A	84.010	14329		6,600,978
Title III English Learner	84.365	14346		1,134,419
Title III Technical Assistance	84.365	14967	-	5,638
Title III Immigrant Education	84.365	15146	-	62,330
Title II Supporting Effective Instruction	84.367	14341		991,804
Title IV Student Support & Academic Enrichment	84.424	15396	-	384,153
Total Passed Through State Department of Education			-	9,179,322
Total U. S. Department of Education			-	9,935,238
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 27,073,729

The accompanying notes are an integral part of this schedule.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2019

Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Chula Vista Elementary School District. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures 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 4.26% based on the rate approved by the California Department of Education for each program which did not have a pre-defined allowable indirect cost rate. The District did not elect to use the 10% de minimis cost rate as covered in 2 CFR §200.414 Indirect Costs. The following programs utilized a lower indirect cost rate based on program restrictions or other factors determined by the District:

<u>Program</u>	<u>CFDA #</u>	<u>Indirect Cost Rate</u>
Special Education: IDEA Mental Health	84.027	2.51%

Schoolwide Program

The District operates "schoolwide programs" at twenty nine school sites. Using federal funding, schoolwide programs are designed to upgrade an entire educational program within a school for all students, rather than limiting services to certain targeted students. The following federal program amounts were expended by the District in it's schoolwide programs:

<u>Program</u>	<u>CFDA #</u>	<u>Amount Expended</u>
Title I	84.010	\$5,146,704

Other Independent Auditor's 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

Board of Trustees
Chula Vista Elementary School District
Chula Vista, California

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Chula Vista Elementary School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Chula Vista Elementary School District's basic financial statements and have issued our report thereon dated December 6, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Chula Vista Elementary School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Chula Vista Elementary School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Chula Vista Elementary 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Chula Vista Elementary 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item(s) 2019-001.

Chula Vista Elementary School District's Response to Findings

Chula Vista Elementary School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Chula Vista Elementary School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Wilkinson Hadley King + Co LLP

El Cajon, California
December 6, 2019

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

Board of Trustees
Chula Vista Elementary School District
Chula Vista, California

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited the Chula Vista Elementary 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 the Chula Vista Elementary School District's major federal programs for the year ended June 30, 2019. Chula Vista Elementary 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 Chula Vista Elementary School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Chula Vista Elementary School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Chula Vista Elementary 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, 2019.

Report on Internal Control Over Compliance

Management of the Chula Vista Elementary 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 the Chula Vista Elementary 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 the Chula Vista Elementary 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 considered 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
December 6, 2019

Independent Auditor's Report on State Compliance

Board of Trustees
Chula Vista Elementary School District
Chula Vista, California

Members of the Board of Trustees:

Report on State Compliance

We have audited the District's compliance with the types of compliance requirements described in the *2018-19 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, 2019.

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, *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* 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, *2018-19 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 occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of 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 the state laws and regulations applicable to the following items:

<u>Compliance Requirements</u>	<u>Procedures in Audit Guide Performed?</u>
--------------------------------	---

LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS:

Attendance Accounting:	
Attendance Reporting	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	N/A
Continuation Education	N/A
Instructional Time	Yes
Instructional Materials.....	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	N/A
Comprehensive School Safety Plan	Yes
District of Choice	N/A

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

California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	
After School	Yes
Before School	Yes
General Requirements	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	N/A

CHARTER SCHOOLS:

Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study.....	N/A
Determination of Funding for Nonclassroom-Based Instruction	N/A
Annual Instructional Minutes - Classroom Based	Yes
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, Chula Vista Elementary 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, 2019.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance with the statutory requirements for programs noted above, which are required to be reported in accordance with the State's audit guide, *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations*, Section 19810 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2019-001.

Chula Vista Elementary School District's Response to Findings

Chula Vista Elementary School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Chula Vista Elementary School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion of the effectiveness of the entity's internal control or on compliance outside of the items tested as noted above. This report is an integral part of an audit performed in accordance with the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* prescribed in Title 5, *California Code of Regulations*, Section 19810 in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

Wilkinson-Hadley King + Co LLP

El Cajon, California
December 6, 2019

Findings and Recommendations Section

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

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

Version of compliance supplement used in audit: August 2019

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I
84.424	Title IV Student Support & Academic Enrichment

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

Auditee qualified as low-risk auditee? X Yes No

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

3. State Awards

Any audit findings disclosed that are required to be reported in accordance with the state's Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting? X Yes No

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

B. Financial Statement Findings

None

C. Federal Award Findings and Questioned Costs

None

D. State Award Findings and Questioned Costs

Finding Number: 2019-001
Repeat Finding: No
Program Name: After School Education and Safety Program
Questioned Costs: None
Type of Finding: State Compliance (40000)

Criteria or Specific Requirement

Determine whether the District has a process or procedure that gives first priority for enrollment to pupils who are identified by the program as homeless youth or in foster care at the time they apply for enrollment; and for each middle or junior high school in the sample, second priority for enrollment to pupils who attend daily.

Condition

In our review of the district's policies and procedures for the after school education and safety program, written procedures state that students who attend daily will be given priority enrollment in the program.

Cause

The District established written policies and procedures prior to legislature passing Assembly Bill (AB) 1567. The District did not update policies for the 2017-18 fiscal year, which is the first fiscal year the regulations are effective.

Effect

The District is out of compliance with Education Code Sections 8483(c)(1)(A) and 8483(d)(1)(A).

Context

AB 1567, which passed on September 21, 2016 with an effective date of July 1, 2017, revised Education Code Section 8483 to require priority enrollment be provided to students who are identified as homeless youth or in foster care at the time they apply for enrollment in the program.

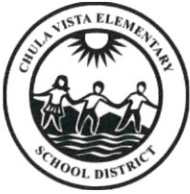
CHULA VISTA ELEMENTARY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Recommendation

Update written policies and procedures to provide priority enrollment to students who are identified as homeless youth or foster students. Establish procedures to ensure all departments are made aware of law changes which require revisions to policies and procedures.

Views of Responsible Officials

See Corrective Action Plan



CHULA VISTA ELEMENTARY SCHOOL DISTRICT

84 EAST J STREET • CHULA VISTA, CALIFORNIA 91910 • 619 425-9600

EACH CHILD IS AN INDIVIDUAL OF GREAT WORTH

December 3, 2019

To whom it may concern:

The accompanying Corrective Action Plan has been prepared as required by the 2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting published by the Education Audit Appeals Panel. The name of the contact person responsible for corrective action, the planned corrective action and the completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

In addition, we also prepared the accompanying Summary Schedule of Prior Audit Findings which includes the status of audit findings reported in the prior year's audit.

Sincerely,

A handwritten signature in blue ink that reads "Oscar Esquivel".

Oscar Esquivel
Chula Vista Elementary School District
Deputy Superintendent

BOARD OF EDUCATION

LESLIE RAY BUNKER ♦ ARMANDO FARÍAS ♦ LAURIE K. HUMPHREY ♦ EDUARDO REYES, Ed.D. ♦ FRANCISCO TAMAYO

SUPERINTENDENT

FRANCISCO ESCOBEDO, Ed.D.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2019

State Compliance Finding

Finding Number: 2019-001
Program Name: After School Education and Safety Program
Contact Person: Oscar Esquivel
Completion Date: August 2019

Planned Corrective Action: Starting in 2019-20, the District updated its After School Parent Handbook and application to incorporate language that students identified as homeless youth or in foster care at the time of application are given first priority.

CHULA VISTA ELEMENTARY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented
<p data-bbox="155 375 412 436">Finding 2018-001 Attendance Reporting</p> <p data-bbox="155 472 764 720">In review of the class rosters at Harborside Elementary School, teacher verification rosters were printed five weeks after the attendance period. In addition, teachers backdated signatures to the attendance period. As a result, it could not be determined when the verification occurred but it is known that it was at least five weeks after the attendance period.</p> <p data-bbox="155 756 764 1260">It was recommended that the District implement procedures to ensure class rosters are printed timely and are being signed, dated, and verified by the teachers within one week after the end of each attendance period. The District should retain all original rosters printed and verified by the teachers even if changes or corrections have been made as proper support that weekly attendance is being validated on a timely basis. In addition, it was recommended that the District provide training to all school sites to District established policies and procedures surrounding documentation of attendance. Finally, it was recommended the District implement monitoring procedures at school sites to ensure procedures are being followed.</p>	Implemented	