



San Dieguito Union High School District

County of San Diego
Encinitas, California

Audit Report

June 30, 2022



WILKINSON HADLEY
KING & CO. LLP
CPAs AND ADVISORS



San Dieguito Union High School District

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June 30, 2022

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Independent Auditor's Report

To the Board of Education
 San Dieguito Union High School District

Disclaimer of Opinion and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the San Dieguito Union High School District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Aggregate Discretely Presented Component Units	Disclaimer
General Fund	Unmodified
Building Fund	Unmodified
Special Reserve Fund for Capital Outlay	Unmodified
Capital Project Fund for Blended Component Units	Unmodified
Self-Insurance Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Disclaimer of Opinion on the Aggregate Discretely Presented Component Units

Because of the significance of the matter described in the Basis for Disclaimer of Opinion and Unmodified Opinions section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the aggregate discretely presented component units of the District. Accordingly, we do not express an opinion on these financial statements.

Unmodified Opinion on Governmental Activities, Each Major Fund, and the Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Disclaimer and Unmodified Opinions

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

Matter Giving Rise to Disclaimer of Opinion on the Aggregate Discretely Presented Component Units

The financial statements of the La Costa Canyon High School Foundation, Canyon Crest Academy Foundation, Torrey Pines High School Foundation, and San Dieguito Academy Foundation have not been audited, and we were not engaged to audit the financial statements as part of our audit of the District's basic financial statements. The component unit's financial activities are included in the District's basic financial statements as a part of the aggregate discretely presented component units and represent 100 percent of the District's aggregate discretely presented component units.

Change in Accounting Principle

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

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

The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying combining financial statements and additional supplementary information, identified in the table of contents, as required by the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations, Section 19810* are presented for purposes of additional analysis and are not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the accompanying combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the additional supplementary information as identified in the table of contents, are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Wilkinson Hadley King & Co LLP

El Cajon, California
March 31, 2023

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2022
(Unaudited)**

This section of San Dieguito Union High School District's (District) annual financial report presents management's discussion and analysis of the District's financial performance during the year ending June 30, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements and notes to the basic financial statements included in the audit report to enhance their understanding of the District's financial performance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. The statements are organized so the reader can understand the District as a complex financial entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole district, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2022 are as follows:

- Total governmental fund net position is (\$53,627,827), after the total net pension liability of \$86,583,977
- The statewide average for the cost of living adjustment was 5.07%

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the assets and liabilities of the District, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Fund financial statements

A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

- **Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, building fund, capital projects fund for blended component units, and special reserve fund for capital outlay projects, each of which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual data for each of these non-major funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

- **Proprietary funds.** The District maintains one proprietary fund type, an internal service fund.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses three internal service funds to account for services provided to all the other funds of the District: Insurance premium reduction fund, other post-employment benefits fund and deductible insurance loss fund. The internal service funds have been included within *governmental activities* in the government-wide financial statements. The three internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$53.6 million at the close of the most recent fiscal year, after the net pension liability of \$86.6 million and total OPEB liability of \$26.4 million.

SAN DIEGUITO UNION HIGH SCHOOL DISTRICT

2021-22 NET POSITION

(In Millions of Dollars)

	Governmental Activities		2021-22 % of Total	Total % Change over 20-21
	2020-21	2021-22		
Current and Other Assets	214.1	211.8	32%	-1.1%
Capital Assets	449.0	442.4	68%	-1.5%
Total Assets	\$ 663.1	\$ 654.2		-1.3%
Deferred Outflows of Resources	55.5	54.9		
Long Term Debt Outstanding	750.0	665.0	98%	-11.3%
Other Liabilities	15.5	13.5	2%	-12.9%
Total Liabilities	\$ 765.5	\$ 678.5		-11.4%
Deferred Inflows of Resources	19.8	84.2		
<u>Net Position</u>				
Net Investment in Capital Assets	22.9	8.4		-63.3%
Restricted	157	145.4		-7.4%
Unrestricted	(246.4)	(207.4)		-15.8%
Total Net Position	\$ (66.5)	\$ (53.6)		-19.4%

Governmental activities. The key elements of the District’s net position for the year ended June 30, 2022 are as follows:

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

	<u>Governmental Activities</u>		<u>% of Total</u>	<u>% change</u>
	<u>2020-21</u>	<u>2021-22</u>		
<u>Revenues</u>				
Program revenues				
Charges for services	1,492,873	4,045,109	1.89%	171.0%
Operating grants and contributions	37,041,003	33,890,833	15.81%	-8.5%
Capital grants and contributions	4,087,742	15,266,788	7.12%	273.5%
General revenues				
Property taxes	149,816,390	154,344,143	72.02%	3.0%
Federal and state aid not restricted to specific purposes	6,505,045	6,810,355	3.18%	4.7%
Interest and investment earnings	2,148,021	-4,130,222	-1.93%	-292.3%
Interagency revenues	67,123	118,182	0.06%	76.1%
Miscellaneous	3,478,600	3,976,555	1.86%	14.3%
Total revenues	<u>\$ 204,636,797</u>	<u>\$ 214,321,743</u>	100.00%	4.7%
<u>Expenditures by Function</u>				
Governmental activities				
Instruction	105,644,943	108,636,440	54.53%	2.8%
Instruction-related services	17,158,609	15,032,781	7.55%	-12.4%
Pupil Services	17,568,759	18,401,733	9.24%	4.7%
General Administration	35,179,714	12,137,827	6.09%	-65.5%
Plant Services	15,703,609	19,737,419	9.91%	25.7%
Ancillary Services	3,184,253	5,174,007	2.60%	62.5%
Self-Insured Activities Activities	43,080	142,226	0.07%	230.1%
Interest on long-term debt	15,227,469	18,104,618	9.09%	18.9%
Other outgo	680,076	1,853,396	0.93%	172.5%
Depreciation (unallocated)	-	-	-	-
	<u>\$ 210,390,512</u>	<u>\$ 199,220,447</u>	100.00%	-5.3%
Increase (decrease) in net position	<u>\$ (5,753,715)</u>	<u>\$ 15,101,296</u>		
Net position - beginning (restated due to adjustments in reclass of student body funds under GASB 84 - Note U)	<u>\$ (60,782,946)</u>	<u>\$ (68,670,455)</u>		
Net position - ending	<u><u>\$ (66,536,661)</u></u>	<u><u>\$ (53,569,159)</u></u>		

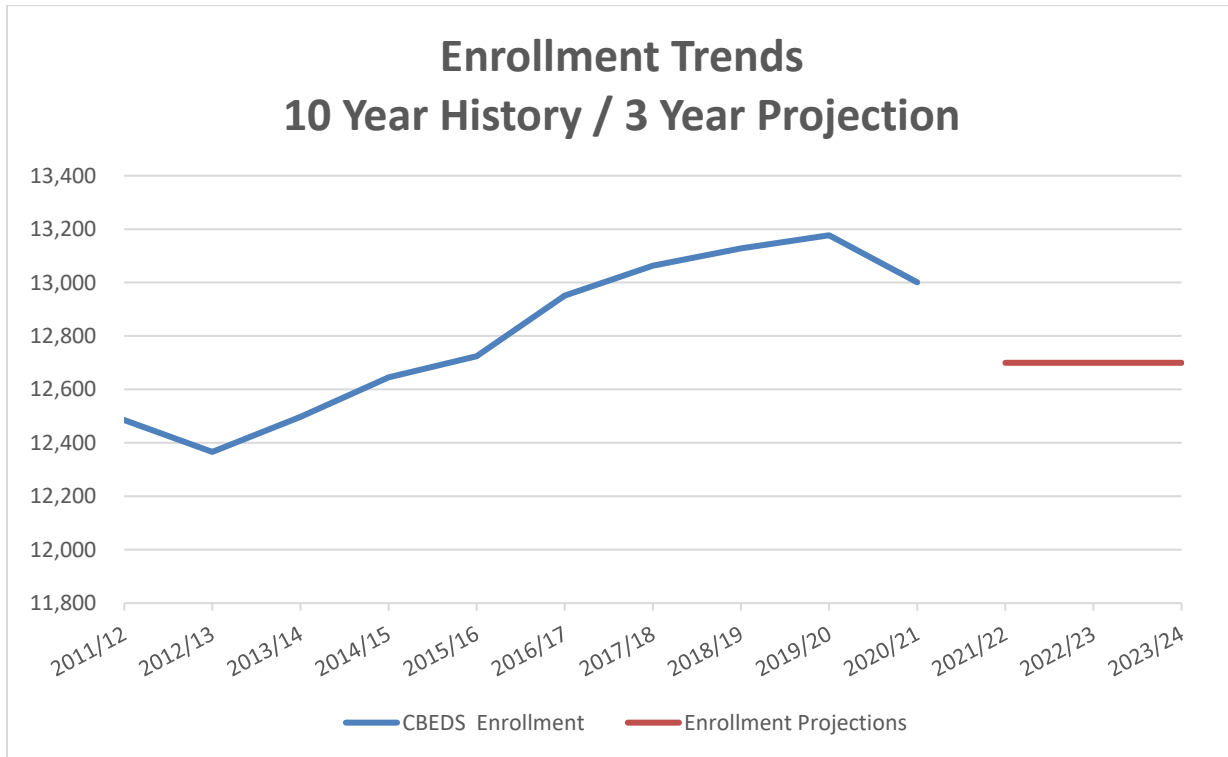
- The District was classified as a “Basic Aid” district in 2020-21. This was a result of our local property taxes exceeding the Local Control Funding Formula (LCFF) entitlement provided by the state. However, in the 2021-22 fiscal year, the District is once again funded under the Local Control Funding Formula.

Enrollment, Enrollment Projections, and ADA

School Year	CBEDS Enrollment	Enrollment Projections	P2 ADA
2005/06	12,190		11,731
2006/07	12,375		11,950
2007/08	12,471		12,027
2008/09	12,606		11,882
2009/10	12,496		12,150
2010/11	12,499		11,989
2011/12	12,485		12,019
2012/13	12,366		11,832
2013/14	12,497		12,034
2014/15	12,645		12,119
2015/16	12,724		12,210
2016/17	12,951		12,400
2017/18	13,063		12,528
2018/19	13,128		12,615
2019/20	13,177		12,684
2020/21	13,001		12,707
2021/22	12,704		11,973
2022/23*		12,700	
2023/24*		12,700	

*Estimated

**Enrollment Trends
10 Year History / 3 Year Projection**



Financial Analysis of the District’s Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. As the District completed the year, its governmental funds reported a combined fund balance of \$204.9 million; an increase of \$0.6 million over the previous year. The general fund had a fund balance increase of approximately \$3.3 million. In addition, the following expenditures should be noted:

- General fund salaries totaled \$102.6 million while the associated employee benefits of retirement, social security, medicare, insurance (medical, dental, life, and accident), workers’ compensation, and unemployment added \$40.5 million to arrive at 84% of total general fund expenditures.

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into non-spendable, restricted, designated, assigned and unassigned portions. Non-spendable amounts represent items such as inventory and revolving cash. Restricted fund balances are those associated with restricted funding sources.

Designated and assigned portions of the District's fund balances indicate the amounts that are not available for appropriation but are reserved for District determined purposes. Fund balances of debt service, capital projects, and other governmental funds are restricted by state law to be spent for the purpose of the fund and are not available for spending at the District's discretion. The \$36.6 million fund balance of the general fund is primarily designated for the following purposes:

Reserve for Economic Uncertainty. As required by state law, the District has established an unassigned reserve within the unrestricted general fund. This reserve is required to be at least 3% of general fund expenditures set aside for contingencies or possible reductions in state funding and is not to be used in the negotiation or settlement of contract salaries.

In addition, the District's Board of Trustees adopted a board policy to establish a basic aid reserve at 15% above the minimum requirement. As of June 2022, there is \$1.5 million committed to the basic aid reserve. The maintenance of a sufficient reserve is a key credit consideration in garnering excellent short-term and long-term bond ratings. In addition, the maintenance of a sufficient reserve is key to help the district, especially as a basic aid district, as property tax revenue can be very volatile.

Non-Spendable Reserve for Revolving Cash Fund. The District maintains a \$25,000 revolving cash fund for expediting emergency and small purchase reimbursement to employees. In addition, the District maintains a Purchasing Card Fund to provide a timely alternative for needed purchases. The cash fund to cover the card purchases is \$150,485, increasing the total reserve for revolving funds to \$175,485.

Non-Spendable Reserve for Prepaid Items. The total for prepaid items as of June 30, 2022 was \$14,682.

Capital Asset and Debt Administration

Capital Assets:

The County School Facilities Fund (Fund 35-00) is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District.

The Capital Facilities Fund 25-18 consists of school facilities impact fees that assure school facilities and services will be available to meet the needs of residents of new developments. Capital Facilities Fund 25-19 contains fees imposed and collected on new residential and commercial/industrial development within the District to fund additional school facilities required to serve additional grade 7-12 students generated by the new development. The fees are used for construction and/or acquisition of additional school facilities, remodeling existing school facilities to add additional classrooms and technology, and acquiring and installing additional portable classrooms to accommodate an increase in student population.

The Building Fund – Proposition 39 (Fund 21-39) was established by the board on February 7, 2013. On November 6, 2012, the voters of the San Dieguito Union High School District community voted to approve Proposition AA to authorize the District to issue up to \$449 million of general obligation bonds to finance certain specified capital projects and facilities. In April 2013, the district issued the first series of those bonds, in the amount of \$160 million to fund projects. The second series of those bonds were issued in April 2015, in the amount of \$117 million. The third series of those bonds were issued in July 2016, in the amount of \$62 million.

The fourth series of those bonds were issued in May 2018, in the amount of \$25 million. The fifth series of those bonds were issued on June 2021, in the amount of \$85 million utilizing the final amount of the \$449 million authorization. The district website provides ongoing updates on Proposition AA Bond projects.

The Special Reserve/Capital Projects Fund (Fund 40-00) is comprised of revenue received locally and from the State for past school construction projects. In 2021-22, the State provided School Facilities Fund project reimbursement of \$1,067,835 on the Torrey Pines High School Makerspace facilities (CTE grant); \$673,860 on the La Costa Canyon High School Culinary Arts facilities (CTE grant); and \$13,512,495 on the Torrey Pines High School Performing Arts Center Modernization. In addition, the North City West JPA provided \$287,500 for overrun costs on the Carmel Valley Middle School Music and Drama facilities construction.

Some of the district-completed capital projects in 2021-2022 include the following: Torrey Pines High School I Building, Food Service, Makerspace, CAD Lab & Digital Arts Classroom modernization, campus-wide re-key security improvements, and Torrington Road perimeter improvements; Canyon Crest Academy audio/visual technology improvements; Oak Crest Middle School C and I Building modernization, and audio/visual technology improvements; and San Dieguito Sports Complex gate automation improvements. Capital funds were used for many other projects throughout the district, to be completed in 2022-2023 or subsequent years.

Capital assets at June 30, 2021 and 2022 are outlined below:

	June 30, 2021	June 30, 2022	Total Change
Land	\$ 66,592,151	\$ 66,592,151	\$ -
Improvement of Sites	80,518,015	81,664,466	1,146,451
Buildings	483,643,542	485,435,598	1,792,056
Equipment	33,557,431	36,317,789	2,760,358
Work in Progress	6,054,438	20,773,535	14,719,097
Accumulated depreciation	(221,322,903)	(249,161,135)	(27,838,232)
Total Capital Assets	\$ 449,042,674	\$ 441,622,404	\$ (7,420,270)

Debt Administration:

In November 2016, through the San Dieguito School Facilities Financing Authority, the District issued Special Tax Revenue Bonds in the amount of \$24.276 million (including Premium), with interest rates ranging from 3% - 5%, maturing in 2042 (Premium) and 2047, subject to prior redemption.

In October 2018, the San Dieguito School Facilities Financing Authority issued additional Special Tax Revenue Bonds in the amount of \$83.196 million (including Premium) through the remarketing of the 2006 Revenue Refunding Bonds (originally issued through the San Dieguito Public Facilities Authority), with interest rates ranging from 3.5% - 5%, maturing in 2048, subject to prior redemption.

(For historical background, the 2006 Revenue Refunding Bonds were originally issued in August 2006 to prepay and annul the outstanding 1998 and 2004 Revenue Bonds. They were remarketed in 2008, in the aggregate principal amount of \$89,130,000, with interest rates ranging from 4% - 7%, maturing in 2041 maturity, subject to prior redemption.)

Interest on the 2016 and 2018 bonds is payable semiannually, each March 1 and September 1, with principal payments due each March 1. The District currently has \$98.3 million in outstanding special tax revenue bonds, as of June 30, 2022. The San Dieguito Union High School District is not obligated for any debt repayment in the event of default.

On November 6, 2012, the voters of the San Dieguito Union High School District community approved Proposition AA, which authorized the District to issue up to \$449 million of general obligation bonds to finance certain specified capital projects and facilities. In April 2013, the district issued the first series of those bonds, in the amount of \$160 million to fund projects. The second series of those bonds were issued in April 2015, in the amount of \$117 million. The third series of those bonds were issued in July 2016, in the amount of \$62 million. The fourth series of those bonds were issued in May 2018, in the amount of \$25 million. The fifth series of those bonds were issued in June 2021, in the amount of \$85 million utilizing the final amount of the \$449 million authorization. The District currently has \$437.6 million outstanding in general obligation bonds, as of June 30, 2022.

Long-Term Liabilities at June 30, 2021 and 2022 are outlined below:

	June 30, 2021	June 30, 2022	Total Change
General Obligation Bonds	\$ 443,876,330	\$ 437,603,744	\$ (6,272,586)
State School Building Loans	0	0	-
Capital Leases	729,904	0	(729,904)
Lease Revenue Bonds	12,593,357	12,730,000	136,643
Other General Long-Term Debt	100,779,924	99,537,018	(1,242,906)
Net Pension Liability	156,199,606	86,583,977	(69,615,629)
Total OPEB Liability	32,982,190	26,383,660	(6,598,530)
Compensated Absences	2,802,184	2,164,563	(637,621)
Total Long-Term Liabilities	<u>\$ 749,963,495</u>	<u>\$ 665,002,962</u>	<u>\$ (84,960,533)</u>

Factors Bearing on the District's Future

The District's outlook for future years is tied to growth and the Local Control Funding Formula (LCFF) allocation. As with many other school districts, the District is facing the challenge of covering step and column increases in employee salaries as well as increases in STRS and PERS contribution rates, along with other fixed costs. The District is also experiencing a high vacancy rate amongst the classified staff, specifically in the areas of instructional aides, bus drivers, nutrition service employees. Another area of challenge will be continued and increasing facilities maintenance and repair needs due to the age of some of the District's buildings and equipment. Additionally, facing the issue of potential decreasing ADA due to the impact of the pandemic, the District continues to closely monitor student enrollment and attendance.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the San Dieguito Union High School District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Associate Superintendent of Business Services, San Dieguito Union High School District, 710 Encinitas Blvd., Encinitas, CA 92024.

Basic Financial Statements

San Dieguito Union High School District

Statement of Net Position

June 30, 2022

	Governmental Activities	Component Units (Unaudited)
Assets		
Cash & Investments	\$ 201,079,180	\$ 5,557,655
Accounts Receivable	10,610,012	8,656
Inventory	50,209	-
Prepaid Expenses	14,682	34,052
Lease Receivable	24,808	-
Capital Assets:		
Land	66,592,151	-
Land Improvements	81,664,466	-
Buildings & Improvements	485,435,598	-
Equipment	36,317,789	5,463
Work in Progress	20,773,535	-
Less Accumulated Depreciation	(249,161,135)	(5,463)
Lease Assets:		
Equipment	872,187	-
Less Accumulated Amortization	(116,568)	-
Total Assets	<u>654,156,914</u>	<u>5,600,363</u>
Deferred Outflows of Resources	<u>54,868,453</u>	<u>-</u>
Liabilities		
Accounts Payable and Other Current Liabilities	12,846,679	377,958
Unearned Revenue	627,262	307,003
Long-Term Liabilities:		
Due Within One Year	14,290,345	-
Due In More Than One Year	650,712,617	-
Total Liabilities	<u>678,476,903</u>	<u>684,961</u>
Deferred Inflows of Resources	<u>84,176,291</u>	<u>-</u>
Net Position		
Net Investment in Capital Assets	8,386,651	-
Restricted For:		
Capital Projects	118,109,560	-
Debt Service	17,103,906	-
Educational Programs	6,078,917	-
Other Purposes (Expendable)	3,849,598	685,465
Other Purposes (Nonexpendable)	240,376	-
Unrestricted	(207,396,835)	4,229,937
Total Net Position	<u>\$ (53,627,827)</u>	<u>\$ 4,915,402</u>

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

San Dieguito Union High School District

Statement of Activities

For the Year Ended June 30, 2022

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Units (Unaudited)
Governmental Activities						
Instruction	\$ 108,636,440	\$ 25,515	\$ 22,739,072	\$ 15,266,788	\$ (70,605,065)	
Instruction-Related Services:						
Instructional Supervision and Administration	4,632,163	2,365	1,559,941	-	(3,069,857)	
Instructional Library, Media and Technology	973,353	-	1,798	-	(971,555)	
School Site Administration	9,427,265	175	135,473	-	(9,291,617)	
Pupil Services:						
Home-to-School Transportation	3,540,402	-	34,868	-	(3,505,534)	
Food Services	3,517,126	(3,382)	4,740,087	-	1,219,579	
All Other Pupil Services	11,344,205	1,473	2,098,815	-	(9,243,917)	
General Administration:						
Centralized Data Processing	2,307,498	-	232,400	-	(2,075,098)	
All Other General Administration	9,830,329	103,670	944,661	-	(8,781,998)	
Plant Services	19,737,419	1,810,285	886,248	-	(17,040,886)	
Ancillary Services	5,174,007	2,104,211	185,314	-	(2,884,482)	
Self-Insured Activities	142,226	-	-	-	(142,226)	
Interest on Long-Term Debt	18,104,618	-	-	-	(18,104,618)	
Debt Issuance Costs	58,668	-	-	-	(58,668)	
Transfers Between Agencies	1,853,396	797	332,156	-	(1,520,443)	
Total Governmental Activities	<u>\$ 199,279,115</u>	<u>\$ 4,045,109</u>	<u>\$ 33,890,833</u>	<u>\$ 15,266,788</u>	<u>(146,076,385)</u>	
Component Units						
Pupil Services	\$ 4,065,217	\$ 1,989,318	\$ 3,132,125	\$ -		\$ 1,056,226
General Administration	836,274	-	-	-		(836,274)
Fundraising	309,780	-	-	-		(309,780)
Other Expenses	12,541	-	-	-		(12,541)
Total Component Units	<u>\$ 5,223,812</u>	<u>\$ 1,989,318</u>	<u>\$ 3,132,125</u>	<u>\$ -</u>		<u>\$ (102,369)</u>
General Revenues						
Taxes and Subventions:						
Property Taxes, Levied for General Purposes				\$ 127,298,712	\$ -	
Property Taxes, Levied for Debt Service				18,172,324	-	
Property Taxes, Levied for Other Specific Purposes				8,873,107	-	
Federal and State Aid Not Restricted for Specific Purposes				6,810,355	-	
Interest and Investment Earnings				(4,130,222)	63,247	
Interagency Revenues				118,182	-	
Miscellaneous				3,976,555	638,028	
Total General Revenues				<u>161,119,013</u>	<u>701,275</u>	
Change in Net Position				15,042,628	598,906	
Net Position - Beginning of Year (As Restated - Note V)				<u>(68,670,455)</u>	<u>4,316,496</u>	
Net Position - Ending				<u>\$ (53,627,827)</u>	<u>\$ 4,915,402</u>	

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

San Dieguito Union High School District

Balance Sheet – Governmental Funds

June 30, 2022

	General Fund	Building Fund	Special Reserve Fund For Capital Outlay	Capital Projects Fund For Blended Component Units	Nonmajor Governmental Funds	Total
Assets						
Cash and Investments	\$ 31,821,456	\$ 85,118,454	\$ 30,195,095	\$ 31,573,488	\$ 22,325,288	\$ 201,033,781
Accounts Receivable	9,321,897	198,722	56,506	93,726	939,045	10,609,896
Due from Other Funds	199,665	-	-	-	2,736	202,401
Stores Inventories	-	-	-	-	50,209	50,209
Prepaid Expenditures	14,682	-	-	-	-	14,682
Lease Receivable	-	-	24,808	-	-	24,808
Total Assets	\$ 41,357,700	\$ 85,317,176	\$ 30,276,409	\$ 31,667,214	\$ 23,317,278	\$ 211,935,777
Liabilities, Deferred Inflows of Resources, and Fund Balance:						
Liabilities:						
Accounts Payable	\$ 4,276,641	\$ 1,028,951	\$ 471,916	\$ 73,828	\$ 363,750	\$ 6,215,086
Due to Other Funds	2,736	2,221	-	-	176,277	181,234
Unearned Revenue	473,520	-	-	-	153,742	627,262
Total Liabilities	4,752,897	1,031,172	471,916	73,828	693,769	7,023,582
Deferred Inflows of Resources:						
Deferred Rent Income	-	-	25,200	-	-	25,200
Fund Balance:						
Nonspendable	190,167	-	-	-	50,209	240,376
Restricted	6,689,291	84,286,004	-	31,593,386	22,573,300	145,141,981
Committed	1,500,000	-	-	-	-	1,500,000
Assigned	5,220,566	-	29,779,293	-	-	34,999,859
Unassigned	23,004,779	-	-	-	-	23,004,779
Total Fund Balance	36,604,803	84,286,004	29,779,293	31,593,386	22,623,509	204,886,995
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 41,357,700	\$ 85,317,176	\$ 30,276,409	\$ 31,667,214	\$ 23,317,278	\$ 211,935,777

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

San Dieguito Union High School District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2022

Total fund balances governmental funds: \$ 204,886,995

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

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

Capital assets relating to governmental activities, at historical cost	690,783,539	
Accumulated depreciation	<u>(249,161,135)</u>	
	Net	441,622,404
Lease assets relating to governmental activities, at historical cost	872,187	
Accumulated amortization	<u>(116,568)</u>	
	Net	755,619

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: (6,631,546)

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	437,603,744	
Lease revenue bonds payable	12,730,000	
Special tax bonds payable	98,347,999	
Leases payable	1,189,019	
Net pension liability	86,583,977	
Net OPEB liability	26,383,660	
Compensated absences	<u>2,164,563</u>	
	Total	(665,002,962)

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

San Dieguito Union High School District

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

June 30, 2022

Deferred gain or loss on debt refunding: In the government wide financial statements deferred gain or loss on debt refunding is recognized as a deferred outflow of resources (for a loss) or a deferred inflow of resources (for a gain) and subsequently amortized over the life of the debt. Deferred gain or loss on debt refunding recognized as a deferred outflow of resources or deferred inflow of resources on the statement of net position was: 18,923,500

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	33,889,833	
Deferred inflows of resources relating to pensions	<u>(71,205,877)</u>	
Net		(37,316,044)

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

Deferred outflows of resources relating to OPEB	2,055,120	
Deferred inflows of resources relating to OPEB	<u>(12,945,214)</u>	
Net		(10,890,094)

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, deferred outflows of resources, liabilities, and deferred inflows of resources, internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is: 24,301

Total net position governmental activities: \$ (53,627,827)

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

San Dieguito Union High School District

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Year Ended June 30, 2022

	General Fund	Building Fund	Special Reserve Fund For Capital Outlay	Capital Projects Fund For Blended Component Units	Nonmajor Governmental Funds	Total
Revenues						
State Apportionment	\$ 508,538	\$ -	\$ -	\$ -	\$ -	\$ 508,538
Education Protection Account Funds	2,546,818	-	-	-	-	2,546,818
Property Taxes	127,298,712	-	-	8,873,107	18,172,324	154,344,143
Federal Revenue	8,887,124	-	-	-	4,610,176	13,497,300
Other State Revenue	22,830,695	16,403	-	-	15,525,558	38,372,656
Interest	297,706	642,630	138,490	12,295	108,543	1,199,664
Fair Market Value Adjustment	(910,724)	(2,537,475)	(850,069)	(429,787)	(594,995)	(5,323,050)
Other Local Revenue	12,167,972	13,748	299,050	765,588	4,262,220	17,508,578
Total Revenues	<u>\$ 173,626,841</u>	<u>\$ (1,864,694)</u>	<u>\$ (412,529)</u>	<u>\$ 9,221,203</u>	<u>\$ 42,083,826</u>	<u>\$ 222,654,647</u>
Expenditures						
Current Expenditures:						
Instruction	96,958,531	-	-	-	-	96,958,531
Instruction - Related Services	17,477,938	-	-	-	-	17,477,938
Pupil Services	16,952,585	-	-	-	3,554,190	20,506,775
Ancillary Services	3,436,762	-	-	-	1,922,280	5,359,042
General Administration	12,564,384	-	-	-	174,501	12,738,885
Plant Services	17,580,185	-	-	845,397	190,537	18,616,119
Transfers Between Agencies	1,853,396	-	-	-	-	1,853,396
Debt Issuance Costs	58,668	-	-	-	-	58,668
Capital Outlay	2,524,449	4,724,081	3,770,832	9,571,478	699,309	21,290,149
Debt Service:						
Principal	992,562	-	190,508	-	10,192,580	11,375,650
Interest	841,380	-	27,072	-	15,708,316	16,576,768
Total Expenditures	<u>171,240,840</u>	<u>4,724,081</u>	<u>3,988,412</u>	<u>10,416,875</u>	<u>32,441,713</u>	<u>222,811,921</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	<u>2,386,001</u>	<u>(6,588,775)</u>	<u>(4,400,941)</u>	<u>(1,195,672)</u>	<u>9,642,113</u>	<u>(157,274)</u>
Other Financing Sources (Uses):						
Transfers In	770,020	-	15,254,190	-	7,387,192	23,411,402
Transfers Out	(162,736)	(765,589)	-	(7,384,456)	(15,254,190)	(23,566,971)
Proceeds from Leases	287,251	-	578,694	-	6,242	872,187
Total Other Financing Sources (Uses)	<u>894,535</u>	<u>(765,589)</u>	<u>15,832,884</u>	<u>(7,384,456)</u>	<u>(7,860,756)</u>	<u>716,618</u>
Net Change in Fund Balance	3,280,536	(7,354,364)	11,431,943	(8,580,128)	1,781,357	559,344
Fund Balance, Beginning of Year	<u>33,324,267</u>	<u>91,640,368</u>	<u>18,347,350</u>	<u>40,173,514</u>	<u>20,842,152</u>	<u>204,327,651</u>
Fund Balance, End of Year	<u>\$ 36,604,803</u>	<u>\$ 84,286,004</u>	<u>\$ 29,779,293</u>	<u>\$ 31,593,386</u>	<u>\$ 22,623,509</u>	<u>\$ 204,886,995</u>

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

San Dieguito Union High School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2022

Total change in fund balances, governmental funds: \$ 559,344

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

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

Expenditures for capital outlay	21,290,149	
Depreciation expense	(27,838,232)	
Amortization expense	<u>(116,568)</u>	
	Net	(6,664,651)

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: 11,375,650

Debt proceeds: In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt were: (872,187)

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: (1,707,150)

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: 637,621

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

San Dieguito Union High School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities, Continued
For the Year Ended June 30, 2022

Pensions: In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was: 13,355,300

Other postemployment benefits (OPEB): In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year the difference between OPEB expenses and actual employer OPEB contributions was: (1,048,304)

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: (606,338)

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 funds was: 13,343

Change in net position of governmental activities: \$ 15,042,628

San Dieguito Union High School District

Statement of Net Position – Internal Service Fund

June 30, 2022

	<u>Internal Service Fund</u>
	<u>Self-Insurance Fund</u>
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 45,399
Accounts Receivable	116
Due from Other Funds	-
Total Assets	<u>45,515</u>
Liabilities	
Current Liabilities:	
Accounts Payable	47
Due to Other Funds	21,167
Total Liabilities	<u>21,214</u>
Net Position	
Unrestricted	24,301
Total Net Position	<u>\$ 24,301</u>

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

San Dieguito Union High School District

Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Fund

June 30, 2022

	Internal Service Fund
	<u>Self-Insurance Fund</u>
Operating Revenues	
In-District Premiums/Contributions	\$ -
Total Operating Revenues	<u>-</u>
Operating Expenses	
Services and Other Operating Expenses	135,390
Total Operating Expenses	<u>135,390</u>
 Operating Income (Loss)	 <u>(135,390)</u>
Non-Operating Revenues/(Expenses)	
Interest Income	645
Fair Market Value Adjustment	(7,481)
Interfund Transfers In	160,000
Interfund Transfers Out	(4,431)
Total Nonoperating Revenues/(Expenses)	<u>148,733</u>
 Change in Net Position	 13,343
 Total Net Position - Beginning	 <u>10,958</u>
Total Net Position - Ending	<u><u>\$ 24,301</u></u>

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

San Dieguito Union High School District

Statement of Cash Flows – Internal Service Fund

June 30, 2022

	Internal Service Fund
	<u>Self-Insurance Fund</u>
Cash Flows from Operating Activities:	
Cash Received from Interfund Services Provided	\$ 532,706
Cash Payments to Other Funds for Goods and Services	(2,022,980)
Cash Payments to Other Suppliers for Goods and Services	<u>(135,343)</u>
Net Cash Provided (Used) by Operating Activities	<u>(1,625,617)</u>
Cash Flows from Investing Activities	
Fair Market Value Adjustment	(7,481)
Cash Received from Interest Earned	<u>625</u>
Net Cash Provided (Used) by Investing Activities	<u>(6,856)</u>
Cash Flows from Non Capital Financing Activities	
Cash Received From Interfund Transfer	160,000
Cash Payments For Interfund Transfer	<u>(4,431)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>155,569</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,476,904)
Cash and Cash Equivalents - Beginning of Year	<u>1,522,303</u>
Cash and Cash Equivalents - End of Year	<u>\$ 45,399</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ (135,390)
Change in Assets and Liabilities:	
Decrease (Increase) in Due From Other Funds	532,706
Increase (Decrease) in Accounts Payable	47
Increase (Decrease) in Due To Other Funds	<u>(2,022,980)</u>
Total Adjustments	<u>(1,490,227)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,625,617)</u>

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

San Dieguito Union High School District

Statement of Net Position – Discretely Presented Component Units

June 30, 2022

(Unaudited)

	La Costa Canyon High School Foundation	Canyon Crest Academy Foundation	Torrey Pines High School Foundation	San Dieguito Academy Foundation	Total Component Units
Assets					
Current Assets:					
Cash and Investments	\$ 983,092	\$ 2,058,464	\$ 1,753,328	\$ 762,771	\$ 5,557,655
Accounts Receivable	-	8,656	-	-	8,656
Prepaid Expense and Other Assets	-	1,808	-	32,244	34,052
Total Current Assets	<u>983,092</u>	<u>2,068,928</u>	<u>1,753,328</u>	<u>795,015</u>	<u>5,600,363</u>
Capital Assets:					
Equipment	-	5,463	-	-	5,463
Accumulated Depreciation	-	(5,463)	-	-	(5,463)
Total Assets	<u>\$ 983,092</u>	<u>\$ 2,068,928</u>	<u>\$ 1,753,328</u>	<u>\$ 795,015</u>	<u>\$ 5,600,363</u>
Liabilities:					
Current Liabilities:					
Accounts Payable	\$ -	\$ 111,557	\$ 255,029	\$ -	\$ 366,586
Other Current Liabilities	-	11,372	-	-	11,372
Unearned Revenue	-	307,003	-	-	307,003
Total Current Liabilities	<u>-</u>	<u>429,932</u>	<u>255,029</u>	<u>-</u>	<u>684,961</u>
Net Position:					
Restricted	-	660,078	-	25,387	685,465
Unrestricted	983,092	978,918	1,498,299	769,628	4,229,937
Total Net Position	<u>983,092</u>	<u>1,638,996</u>	<u>1,498,299</u>	<u>795,015</u>	<u>4,915,402</u>
Total Liabilities and Net Position	<u>\$ 983,092</u>	<u>\$ 2,068,928</u>	<u>\$ 1,753,328</u>	<u>\$ 795,015</u>	<u>\$ 5,600,363</u>

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

San Dieguito Union High School District

Statement of Revenues, Expenses, and Changes in Net Position – Discretely Presented Component Units

June 30, 2022

(Unaudited)

	La Costa Canyon High School Foundation	Canyon Crest Academy Foundation	Torrey Pines High School Foundation	San Dieguito Academy Foundation	Total Component Units
Operating Revenues:					
Contributions	\$ 628,132	\$ 724,138	\$ 1,619,668	\$ 160,187	\$ 3,132,125
Program Revenues	-	861,194	526,743	601,381	1,989,318
Special Events/Fundraising	499,595	138,433	-	-	638,028
Interest and Other Revenue	-	(36,429)	(14,289)	113,965	63,247
Total Revenues	<u>1,127,727</u>	<u>1,687,336</u>	<u>2,132,122</u>	<u>875,533</u>	<u>5,822,718</u>
Operating Expenses:					
Program Services	482,673	1,295,850	1,658,694	628,000	4,065,217
Management & General	199,726	109,401	437,177	89,970	836,274
Fundraising Expenses	267,634	22,540	-	19,606	309,780
Other Expenses	-	11,730	-	811	12,541
Total Expenses	<u>950,033</u>	<u>1,439,521</u>	<u>2,095,871</u>	<u>738,387</u>	<u>5,223,812</u>
Change In Net Position	177,694	247,815	36,251	137,146	598,906
Total Net Position - Beginning	805,398	1,391,181	1,462,048	657,869	4,316,496
Total Net Position - Ending	<u>\$ 983,092</u>	<u>\$ 1,638,996</u>	<u>\$ 1,498,299</u>	<u>\$ 795,015</u>	<u>\$ 4,915,402</u>

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

San Dieguito Union High School District

Notes to the Financial Statements

For the Year Ended June 30, 2022

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

The District operates under a locally elected Board of Education form of government and provides educational services to grades 7-12 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, special revenue funds, capital facilities funds, debt service funds, student-related activities, and discretely presented component units.

2. Component Units

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

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

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

a. Manifestations of Oversight

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

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

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

b. Accounting and Fiscal Matters

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

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

c. Scope of Public Service and Financial Presentation

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

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

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

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

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

San Dieguito Academy Foundation

The San Dieguito Academy Foundation (SDA Foundation) is a 501(c)(3) non-profit that supports quality programs and innovative classroom practices exclusively for students at San Dieguito Academy (a school within the District). SDA Foundation provides essential funding to support the ever-increasing costs of quality education. SDA Foundation provides support to athletics, academics, music and theater, and other groups that exclusively benefit the students at San Dieguito Academy. SDA Foundation is a legally separate entity from the District that is governed by a board of directors comprised of parents, students and school administration. The amounts expended by SDA Foundation during the fiscal year ended June 30, 2022 on program services solely benefiting students at San Dieguito Academy was \$628,000.

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

Nature and Significance of Relationship

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

- 1) The economic resources received or held by SDA Foundation are entirely for the direct benefit of the students of San Dieguito Academy, a school within the District.
- 2) The student programs at San Dieguito Academy are entitled to a majority of the economic resources received or held by SDA Foundation.
- 3) The economic resources received or held by SDA Foundation are significant to the District. Absent the funds expended by SDA Foundation, the District would have to determine whether or not they would continue to operate those programs.

La Costa Canyon High School Foundation

The La Costa Canyon High School Foundation (LCC Foundation) is a 501(c)(3) non-profit that supports and enhances academic, athletic, and art opportunities for all students at La Costa Canyon High School (a school within the District). Through active partnerships with students, parents, alumni, and the community, LCC Foundation strives to promote a shared vision of educational excellence for all students. LCC Foundation is a legally separate entity from the District that is governed by a board of directors comprised of parents. The amounts expended by LCC Foundation during the fiscal year ended June 30, 2022 on program services solely benefiting students at La Costa Canyon High School was \$482,673.

Nature and Significance of Relationship

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

- 1) The economic resources received or held by LCC Foundation are entirely for the direct benefit of the students of La Costa Canyon High School, a school within the District.
- 2) The student programs at La Costa Canyon High School are entitled to a majority of the economic resources received or held by LCC Foundation.
- 3) The economic resources received or held by LCC Foundation are significant to the District. Absent the funds expended by LCC Foundation, the District would have to determine whether or not they would continue to operate those programs.

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

Torrey Pines High School Foundation

The Torrey Pines High School Foundation (TPHS Foundation) is a 501(c)(3) non-profit organized to bridge the gap between the increasing cost of education and the insufficient funds from the District and State of California by providing academic, athletic and extracurricular enhancements for the students of Torrey Pines High School (a school within the District). TPHS Foundation is a legally separate entity from the District that is governed by a board of directors comprised of parents and community members. The amounts expended by TPHS Foundation during the fiscal year ended June 30, 2022 on program services solely benefiting students at Torrey Pines High School was \$1,658,694.

Nature and Significance of Relationship

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

- 1) The economic resources received or held by TPHS Foundation are entirely for the direct benefit of the students of Torrey Pines High School, a school within the District.
- 2) The student programs at Torrey Pines High School are entitled to a majority of the economic resources received or held by TPHS Foundation.
- 3) The economic resources received or held by TPHS Foundation are significant to the District. Absent the funds expended by TPHS Foundation, the District would have to determine whether or not they would continue to operate those programs.

Canyon Crest Academy Foundation

Canyon Crest Academy Foundation (CCA Foundation) is a 501(c)(3) nonprofit dedicated to enriching the experience of every student at Canyon Crest Academy (a school within the District) through financial, volunteer and community support. CCA Foundation provides funds for expansive curriculum and enrichment to educational and athletic programs at Canyon Crest Academy. CCA Foundation is a legally separate organization governed by a board consisting of parents, community members, the principal of Canyon Crest Academy, and a student body liaison from Canyon Crest Academy. The amounts expended by CCA Foundation during the fiscal year ended June 30, 2022 on program services solely benefiting students at Canyon Crest Academy was \$1,295,850.

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

Nature and Significance of Relationship

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

- 1) The economic resources received or held by CCA Foundation are entirely for the direct benefit of the students of Canyon Crest Academy, a school within the District.
- 2) The student programs at Canyon Crest Academy are entitled to a majority of the economic resources received or held by CCA Foundation.
- 3) The economic resources received or held by CCA Foundation are significant to the District. Absent the funds expended by CCA Foundation, the District would have to determine whether or not they would continue to operate those programs.

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

3. Basis of Presentation

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

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

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

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

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

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

Major Governmental Funds

The District reports the following major governmental funds:

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

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

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

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

Non-Major Governmental Funds

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

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

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

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

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

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

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

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

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

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

Internal Service Funds: Internal service funds are created principally to render services to other organizational units of the District on a cost-reimbursement basis. These funds are designed to be self-supporting with the intent of full recovery of costs, including some measure of the cost of capital assets, through user fees and charges. The District maintains the following internal service fund:

Self-Insurance Fund: Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds of the District (*Education Code §17566*).

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

4. Basis of Accounting – Measurement Focus

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

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

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

5. Encumbrances

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

6. Budgets and Budgetary Accounting

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

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

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

7. Revenues and Expenses

a. Revenues – Exchange and Non-Exchange

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

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

b. Expenses/Expenditures

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

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

a. Deposits and Investments

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

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

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

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

b. Stores Inventories and Prepaid Expenditures

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

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

c. Capital Assets

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

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

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

d. Lease Assets & Lease Liabilities

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

e. Compensated Absences

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

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

f. Unearned Revenue

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

g. Interfund Activity

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

h. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

i. Minimum Fund Balance Policy

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 varying constraints in use, the Reserve for Economic Uncertainties consists of balances that are otherwise unassigned.

j. GASB 54 Fund Presentation

GASB Statement No. 54 defines a special revenue fund as a fund that has a special revenue source that is either restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. The Special Reserve Fund for Other Than Capital Outlay (Fund 17) and Pupil Transportation Equipment Fund (Fund 15) do not have continuing revenue sources that are either restricted or committed in nature. As such these funds do not meet the definition of special revenue funds under the provisions of GASB Statement No. 54. These funds have been combined with the general fund for reporting purposes.

k. 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.

l. Pensions

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

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

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

m. Postemployment Benefits Other than Pensions (OPEB)

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

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

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

9. Property Taxes

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

10. Use of Estimates

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

11. Fair Value Measurements

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

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

12. New Accounting Pronouncements

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

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

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

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

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

B. Compliance and Accountability

1. Finance Related Legal and Contractual Provisions

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

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

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

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

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None	Not Applicable	Not Applicable

C. Fair Value Measurements

The District's investments at June 30, 2022, categorized within the fair value hierarchy established by generally accepted accounting principles, were as follows:

	<u>Amount</u>	<u>Fair Value Measurement Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
External investment pools measured at fair value				
San Diego County Treasury	\$ 167,337,095	\$ -	\$ 167,337,095	\$ -
Total investments by fair value level	<u>\$ 167,337,095</u>	<u>\$ -</u>	<u>\$ 167,337,095</u>	<u>\$ -</u>
Investments by fair value level				
Money Market Funds	\$ 20,963,822	\$ 20,963,822	\$ -	\$ -
US Treasury Bonds	754,501	754,501	-	-
US Treasury Notes	228,483	228,483	-	-
Total investments by fair value level	<u>\$ 21,946,806</u>	<u>\$ 21,946,806</u>	<u>\$ -</u>	<u>\$ -</u>

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

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

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

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

D. Cash and Investments

As of June 30, 2022 the District had the following cash and investments:

	General Fund	Building Fund	Special Reserve Fund For Capital Outlay	Capital Projects Fund for Blended Component Units	Nonmajor Governmental Funds	Total
Cash In County Treasury	\$ 32,447,699	\$ 87,274,867	\$ 30,960,065	\$ -	\$ 20,847,277	\$ 171,529,908
Fair Market Value Adjustment	(801,728)	(2,156,413)	(764,970)	-	(515,101)	(4,238,212)
Cash In Banks and Revolving Fund	175,485	-	-	9,626,682	1,993,112	11,795,279
Cash With Fiscal Agent	-	-	-	21,946,806	-	21,946,806
Total Cash and Cash Equivalents	<u>\$ 31,821,456</u>	<u>\$ 85,118,454</u>	<u>\$ 30,195,095</u>	<u>\$ 31,573,488</u>	<u>\$ 22,325,288</u>	<u>\$ 201,033,781</u>
	Self Insurance Fund					
Cash In County Treasury	\$ 46,549					
Fair Market Value Adjustment	(1,150)					
Total Cash and Cash Equivalents	<u>\$ 45,399</u>					

1. Cash in County Treasury

In accordance with Education Code §41001, the District maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool (\$171,576,457 as of June 30, 2022). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$167,337,095. 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 (\$11,619,794 as of June 30, 2022) and in revolving fund (\$175,485 as of June 30, 2022) are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC).

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

3. Cash with Fiscal Agent

The District's cash with fiscal agent at June 30, 2022 are shown below:

Description	Maturity	Amount	
		Reported	Fair Value
Money Market Funds	< 30 Days	\$ 20,963,823	\$ 20,963,822
US Treasury Bonds	2/15/2027	754,501	754,501
US Treasury Notes	9/1/2022	1,261	1,561
US Treasury Notes	3/1/2023	1,280	1,280
US Treasury Notes	9/1/2023	1,298	1,298
US Treasury Notes	3/1/2024	1,317	1,317
US Treasury Notes	9/1/2024	1,337	1,337
US Treasury Notes	3/1/2025	1,356	1,356
US Treasury Notes	9/1/2025	1,377	1,377
US Treasury Notes	3/1/2026	1,398	1,398
US Treasury Notes	9/1/2026	1,418	1,418
US Treasury Notes	3/1/2027	216,440	216,440
Total Cash with Fiscal Agent		<u>\$ 21,946,806</u>	<u>\$ 21,947,105</u>

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

5. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

At June 30, 2022, credit risk for the District's investments was as follows:

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
County Treasurer's Investment Pool	Unrated	Not Applicable	\$ 167,337,095
Money Market Funds	Unrated	Not Applicable	20,963,823
US Treasury Bonds	Unrated	Not Applicable	754,501
US Treasury Notes	Unrated	Not Applicable	228,482

b. Custodial Credit Risk

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

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

At June 30, 2022, the District's bank balances exceeded FDIC limitations by \$11,545,279 and as such were exposed to custodial credit risk. Cash with fiscal agent investment balances of \$21,946,806 were not FDIC insured and therefore exposed to custodial credit risk.

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

c. Concentration of Credit Risk

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

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District maintains pooled investments with the San Diego County Treasury with a fair value of \$167,337,095. The average weighted maturity for this pool was 551 days at June 30, 2022.

e. Foreign Currency Risk

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

6. Investment Accounting Policy

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

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

E. Accounts Receivable

There are no significant receivables which are not scheduled for collection within one year of year end. Accounts receivable balances as of June 30, 2022, consisted of:

	Major Governmental Funds					Total
	General Fund	Building Fund	Special Reserve Fund For Capital Outlay	Capital Projects Fund For Blended Component Units	Nonmajor Governmental Funds	
Federal Government:						
ESSER/GEER	\$ 2,797,705	\$ -	\$ -	\$ -	\$ -	\$ 2,797,705
Special Education	2,536,535	-	-	-	-	2,536,535
Child Nutrition Program	-	-	-	-	836,740	836,740
Other Federal Programs	273,895	-	-	-	-	273,895
State Government:						
Lottery	756,672	-	-	-	-	756,672
Special Education	967,155	-	-	-	-	967,155
Educator Effectiveness	467,597	-	-	-	-	467,597
A-G Grant	236,022	-	-	-	-	236,022
Child Nutrition Program	-	-	-	-	2,936	2,936
Other State	312,422	-	-	-	-	312,422
Local Sources:						
Interest	91,289	198,722	56,506	-	19,136	365,653
Mello Roos Revenue	-	-	-	93,726	-	93,726
Developer Fees	-	-	-	-	72,629	72,629
Coaches	253,717	-	-	-	-	253,717
Donations	165,529	-	-	-	-	165,529
Other Local Sources	463,359	-	-	-	7,604	470,963
Total Accounts Receivable	<u>\$ 9,321,897</u>	<u>\$ 198,722</u>	<u>\$ 56,506</u>	<u>\$ 93,726</u>	<u>\$ 939,045</u>	<u>\$ 10,609,896</u>
	Self-Insurance Fund					
Local Sources:						
Interest	<u>\$ 116</u>					

F. Prepaid Expenditures

As of June 30, 2022, prepaid expenditures consisted of:

	General Fund
Prepaid registration fees	\$ 7,865
Prepaid service fees	6,817
Totals	<u>\$ 14,682</u>

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

G. Lease Receivable

On August 1, 2021 the District entered into an agreement with the Boys & Girls Club to lease facilities owned by the District for use as an after school program. The lease extends through June 30, 2024 with monthly rent of \$1,050. The lease receivable is recorded at the present value of future lease payments using a discount rate of 0.20%.

Activity associated with the lease for the year ended June 30, 2022 is as follows:

Description	Balance Beginning of Year	Current Year Additions	Current Year Principal Collected	Balance End of Year
Boys & Girls Club	\$ -	\$ 36,750	\$ 11,942	\$ 24,808
Total Leases Receivable	\$ -	\$ 36,750	\$ 11,942	\$ 24,808

Description	Balance Beginning of Year	Current Year Additions	Current Year Amortization	Balance End of Year
Boys & Girls Club	\$ -	\$ 36,750	\$ 11,550	\$ 25,200
Total Deferred Inflows	\$ -	\$ 36,750	\$ 11,550	\$ 25,200

H. Capital Assets and Lease Assets

Capital asset and lease asset activity for the year ended June 30, 2022, was as follows:

Governmental activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 66,592,151	\$ -	\$ -	\$ 66,592,151
Work in progress	6,054,438	14,719,097	-	20,773,535
Total capital assets not being depreciated	72,646,589	14,719,097	-	87,365,686
Capital assets being depreciated:				
Land improvements	80,518,015	1,146,451	-	81,664,466
Buildings and improvements	483,643,542	1,792,056	-	485,435,598
Equipment	33,557,431	2,760,358	-	36,317,789
Total capital assets being depreciated	597,718,988	5,698,865	-	603,417,853
Less accumulated depreciation for:				
Land improvements	(47,236,170)	(5,279,085)	-	(52,515,255)
Buildings and improvements	(152,045,533)	(19,938,855)	-	(171,984,388)
Equipment	(22,041,200)	(2,620,292)	-	(24,661,492)
Total accumulated depreciation	(221,322,903)	(27,838,232)	-	(249,161,135)
Total capital assets, net	449,042,674	(7,420,270)	-	441,622,404
Lease assets				
Equipment	-	872,187	-	872,187
Less accumulated amortization	-	(116,568)	-	(116,568)
Total lease assets, net	-	755,619	-	755,619
Total capital and lease assets, net	\$ 449,042,674	\$ (6,664,651)	\$ -	\$ 442,378,023

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

Depreciation and amortization were charged to functions as follows:

	Depreciation by Function	Amortization by Function
Instruction	\$ 24,141,295	\$ 58,284
Instruction Related	22,550	-
Pupil Services	219,922	58,284
Ancillary Services	2,168	-
General Administration	167,030	-
Plant Services	3,285,267	-
	<u>\$ 27,838,232</u>	<u>\$ 116,568</u>

I. Interfund Balances & Activities

1. Due To and From Other Funds

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

Interfund Receivable (Due From Other Funds)	Interfund Payable (Due To Other Funds)	Amount	Purpose
General Fund	Nonmajor Governmental Funds	\$ 176,277	Reimburse expenditures
General Fund	Building Fund	2,221	Reimburse expenditures
General Fund	Self Insurance Fund	21,167	Reimburse expenditures
Nonmajor Governmental Funds	General Fund	2,736	Reimburse expenditures
	Total	<u>\$ 202,401</u>	

2. Transfers To and From Other Funds

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

Transfers In	Transfers Out	Amount	Purpose
General Fund	Building Fund	\$ 765,589	Reimburse expenditures
General Fund	Self Insurance Fund	4,431	Cash transfer
Nonmajor Governmental Funds	General Fund	2,736	Program contribution
Self Insurance Fund	General Fund	160,000	Program contribution
Special Reserve Fund Capital Outlay	Nonmajor Governmental Funds	15,254,190	Reimburse capital projects expenditures
Nonmajor Governmental Funds	Capital Project Fund for Blended Units	7,384,456	Debt service payments
	Total	<u>\$ 23,571,402</u>	

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

J. Accounts Payable

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

	General Fund	Building Fund	Special Reserve For Capital Outlay Fund	Capital Projects Fund For Blended Component Units	Nonmajor Governmental Funds	Total Governmental Funds
Vendors Payable	\$ 1,884,347	\$ 1,013,757	\$ 471,916	\$ -	\$ 341,152	\$ 3,711,172
Payroll and Benefits	2,392,294	15,194	-	73,828	22,598	2,503,914
Total Accounts Payable	<u>\$ 4,276,641</u>	<u>\$ 1,028,951</u>	<u>\$ 471,916</u>	<u>\$ 73,828</u>	<u>\$ 363,750</u>	<u>\$ 6,215,086</u>
	Self Insurance Fund					
Vendors Payable	\$ 47					
Total Accounts Payable	<u>\$ 47</u>					

K. Unearned Revenue

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

	General Fund	Nonmajor Governmental Funds	Total
Federal Programs:			
ESSER III	\$ 278,310	\$ -	\$ 278,310
Title IV Student Support	9,145	-	9,145
Other Federal Programs	8,454	-	8,454
State Programs:			
Career Tech Incentive Grant	176,606	-	176,606
Local Sources:			
Prepaid Meal Accounts	-	153,742	153,742
Other Local Programs	1,005	-	1,005
Total Unearned Revenue	<u>\$ 473,520</u>	<u>\$ 153,742</u>	<u>\$ 627,262</u>

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

L. Fund Balance Classifications of the Governmental Funds

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

	Major Governmental Funds					Total Governmental Funds
	General Fund	Building Fund	Special Reserve Capital Outlay Fund	Capital Project Fund for Blended Component Units	Nonmajor Governmental Funds	
Nonspendable Fund Balance						
Revolving Cash	\$ 175,485	\$ -	\$ -	\$ -	\$ -	\$ 175,485
Inventory	-	-	-	-	50,209	50,209
Prepaid Expenditures	14,682	-	-	-	-	14,682
Total Nonspendable Fund Balance	190,167	-	-	-	50,209	240,376
Restricted Fund Balance						
Capital Projects	-	84,286,004	-	31,593,386	2,230,170	118,109,560
Debt Service	-	-	-	-	17,103,906	17,103,906
Educational Programs	6,078,917	-	-	-	-	6,078,917
Associated Student Body	34,868	-	-	-	1,980,924	2,015,792
Child Nutrition Program	-	-	-	-	1,258,300	1,258,300
Other Purposes	575,506	-	-	-	-	575,506
Total Restricted Fund Balance	6,689,291	84,286,004	-	31,593,386	22,573,300	145,141,981
Assigned Fund Balance						
Special Education Busses	3,200,000	-	-	-	-	3,200,000
Site Carryover	342,234	-	-	-	-	342,234
Facilities Use Carryover	328,927	-	-	-	-	328,927
White Fleet Replacement	1,300,000	-	-	-	-	1,300,000
Capital Projects	-	-	29,779,293	-	-	29,779,293
Transportation	49,405	-	-	-	-	49,405
Total Assigned Fund Balance	5,220,566	-	29,779,293	-	-	34,999,859
Committed						
Basic Aid Reserve	1,500,000	-	-	-	-	1,500,000
Total Unassigned Fund Balance	1,500,000	-	-	-	-	1,500,000
Unassigned Fund Balance						
For Economic Uncertainties	5,142,107	-	-	-	-	5,142,107
Unassigned Balance	17,862,672	-	-	-	-	17,862,672
Total Unassigned Fund Balance	23,004,779	-	-	-	-	23,004,779
Total Fund Balance	\$ 36,604,803	\$ 84,286,004	\$ 29,779,293	\$ 31,593,386	\$ 22,623,509	\$ 204,886,995

M. Short Term Debt Activity

The District accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as other financing sources.

The District participated in the County of San Diego and San Diego County School Districts Tax and Revenue Anticipation Note Program, Series 2021 issued August 26, 2021. The notes were repaid by June 30, 2022, including interest at 0.25%. The District's share of the Tax and Revenue Anticipation Notes issued was \$10,000,000. The notes were issued to supplement cash flows of the District.

Description	Beginning Balance	Issued	Redeemed	Ending Balance
Tax Revenue Anticipation Notes	\$ -	\$ 10,000,000	\$ 10,000,000	\$ -

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

N. Long Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2022, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$444,864,860	\$ -	\$ 7,261,116	\$437,603,744	\$ 8,052,709
Lease Revenue Bonds	12,730,000	-	-	12,730,000	-
Special Tax Bonds	101,818,545	-	3,470,546	98,347,999	3,629,888
Leases Payable	729,904	872,187	413,072	1,189,019	443,185
Net Pension Liability*	156,199,606	-	69,615,629	86,583,977	-
Net OPEB Obligation*	32,982,190	-	6,598,530	26,383,660	-
Compensated Absences*	2,802,184	-	637,621	2,164,563	2,164,563
Total Governmental Activities	<u>\$752,127,289</u>	<u>\$ 872,187</u>	<u>\$ 87,996,514</u>	<u>\$665,002,962</u>	<u>\$ 14,290,345</u>

*Other long-term liabilities

- Payments for general obligation bonds are made from the bond interest and redemption fund.
- Payments for state school building loans are made from the general fund.
- Payments for leases are made from the general fund.
- Payments for lease revenue bonds are made from the bond interest and redemption fund.
- Payments for special tax bonds are made from the debt service fund for blended component units.
- Payments for pension contributions are made from the general fund.
- Payments for OPEB contributions are made from the self-insurance fund.
- Payments for compensated absences are made from the general fund and the cafeteria fund.

2. General Obligation Bonds

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

On November 6, 2012, registered voters authorized the issuance of \$449,000,000 principal amount of general obligation bonds. The bonds were authorized to finance specific construction, acquisition and modernization projects approved by the voters, fund capitalized interest, and pay costs of issuance incurred in connection with the issuance of the Bonds. The Bonds represent a general obligation of the District, payable solely from *ad valorem* taxes for the payment of the principal and of interest on the Bonds upon all property subject to taxation by the District without limitation of rate or amount (except as to certain personal property which is taxable at limited rates). Of the total amount originally authorized, all amounts have been issued.

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

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

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>
2012 Series A-2 Tax Exempt	April 2013	1.00 - 5.00%	08/01/38	\$ 160,000,000
2012 Series B-2 Tax Exempt	April 2015	3.00 - 4.50%	08/01/40	117,040,000
2012 Series C-2 Tax Exempt	July 2016	3.00 - 4.75%	08/01/41	62,000,000
2012 Series D-2 Tax Exempt	May 2018	3.00 - 4.00%	08/01/42	21,900,000
2020 Refunding Bonds	May 2020	1.87 - 2.85%	08/01/39	145,285,000
2012 Series E-1 Taxable	June 2021	0.17 - 0.27%	08/01/23	4,345,000
2012 Series E-2 Tax Exempt	June 2021	1.25 - 4.00%	08/01/43	80,615,000
2021 Refunding Bonds	June 2021	0.15 - 2.48%	08/01/36	32,600,000
Total GO Bonds				<u>\$ 623,785,000</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
2012 Series A-2 Tax Exempt	\$ 11,970,000	\$ -	\$ 2,190,000	\$ 9,780,000	\$ 2,685,000
2012 Series A-2 Premium	632,868	-	115,788	517,080	141,959
2012 Series B-2 Tax Exempt	76,570,000	-	-	76,570,000	-
2012 Series B-2 Premium	4,439,422	-	-	4,439,422	-
2012 Series C-2 Tax Exempt	61,205,000	-	-	61,205,000	-
2012 Series C-2 Premium	2,970,848	-	-	2,970,848	-
2012 Series D-2 Tax Exempt	20,640,000	-	2,455,000	18,185,000	-
2012 Series D-2 Premium	885,531	-	105,328	780,203	-
2020 Refunding Bonds	143,380,000	-	1,945,000	141,435,000	1,970,000
2012 Series E-1 Taxable	4,345,000	-	-	4,345,000	2,170,000
2012 Series E-2 Tax Exempt	80,615,000	-	-	80,615,000	625,000
2012 Series E-2 Premium	4,611,191	-	-	4,611,191	35,750
2021 Refunding Bonds	32,600,000	-	450,000	32,150,000	425,000
Total	<u>\$ 444,864,860</u>	<u>\$ -</u>	<u>\$ 7,261,116</u>	<u>\$ 437,603,744</u>	<u>\$ 8,052,709</u>

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

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30,</u>			
2023	\$ 7,875,000	\$ 12,290,756	\$ 20,165,756
2024	8,290,000	12,097,615	20,387,615
2025	7,650,000	11,847,518	19,497,518
2026	8,605,000	11,609,608	20,214,608
2027	9,650,000	11,400,343	21,050,343
2028-2032	66,120,000	52,383,200	118,503,200
2033-2037	101,870,000	41,601,147	143,471,147
2038-2042	152,215,000	21,415,452	173,630,452
2043-2047	62,010,000	1,542,888	63,552,888
Total	<u>\$ 424,285,000</u>	<u>\$ 176,188,527</u>	<u>\$ 600,473,527</u>

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

3. Special Tax Bonds

Special Tax Bonds as of June 30, 2022 consisted of:

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>
2008 Special Tax Bonds	05/13/08	4.00 - 5.00%	08/01/41	\$ 89,130,000
2016 Special Tax Bonds	11/07/16	3.00 - 5.00%	03/01/47	23,820,000
2018 Special Tax Bonds	09/27/18	3.50 - 5.00%	03/01/47	74,580,000
CFD 94-2 Local Obligation Bonds	09/27/18	3.50 - 5.00%	03/01/47	19,760,000
CFD 94-3 Local Obligation Bonds	09/27/18	3.50 - 5.00%	03/01/47	6,210,000
CFD 95-1 Local Obligation Bonds	09/27/18	3.50 - 5.00%	03/01/47	29,250,000
CFD 95-2 Local Obligation Bonds	09/27/18	3.50 - 5.00%	03/01/47	6,050,000
CFD 99-1 Local Obligation Bonds	09/27/18	3.50 - 5.00%	03/01/47	7,085,000
CFD 99-2 Local Obligation Bonds	09/27/18	3.50 - 5.00%	03/01/47	290,000
CFD 99-3 Local Obligation Bonds	09/27/18	3.50 - 5.00%	03/01/47	960,000
CFD 03-1 Local Obligation Bonds	09/27/18	3.50 - 5.00%	03/01/47	12,485,000
2018 Local Bonds Receivable	09/27/18	3.50 - 5.00%	03/01/47	<u>(82,090,000)</u>
Total				<u>\$ 187,530,000</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
2016 Special Tax Bonds	\$ 22,410,000	\$ -	\$ 450,000	\$ 21,960,000
Unamortized Premium	429,012	-	8,615	420,397
2018 Special Tax Bonds	70,800,000	-	2,700,000	68,100,000
Unamortized Premium	8,179,533	-	311,932	7,867,601
CFD 94-2 Local Obligation Bonds	17,570,000	-	915,000	16,655,000
CFD 94-2 Premium	1,595,577	-	83,093	1,512,484
2018 Local Bonds Receivable	(19,165,577)	-	(998,093)	(18,167,484)
CFD 94-3 Local Obligation Bonds	5,850,000	-	245,000	5,605,000
CFD 94-3 Premium	497,687	-	20,843	476,844
2018 Local Bonds Receivable	(6,347,687)	-	(265,843)	(6,081,844)
CFD 95-1 Local Obligation Bonds	27,780,000	-	1,080,000	26,700,000
CFD 95-1 Premium	1,839,262	-	71,505	1,767,757
2018 Local Bonds Receivable	(29,619,262)	-	(1,151,505)	(28,467,757)
CFD 95-2 Local Obligation Bonds	5,790,000	-	190,000	5,600,000
CFD 95-2 Premium	229,782	-	7,540	222,242
2018 Local Bonds Receivable	(6,019,782)	-	(197,540)	(5,822,242)
CFD 99-1 Local Obligation Bonds	6,820,000	-	200,000	6,620,000
CFD 99-1 Premium	230,356	-	6,755	223,601
2018 Local Bonds Receivable	(7,050,356)	-	(206,755)	(6,843,601)
CFD 99-2 Local Obligation Bonds	280,000	-	10,000	270,000
CFD 99-2 Premium	13,415	-	479	12,936
2018 Local Bonds Receivable	(293,415)	-	(10,479)	(282,936)
CFD 99-3 Local Obligation Bonds	915,000	-	35,000	880,000
CFD 99-3 Premium	57,170	-	2,187	54,983
2018 Local Bonds Receivable	(972,170)	-	(37,187)	(934,983)
CFD 03-1 Local Obligation Bonds	12,045,000	-	335,000	11,710,000
CFD 03-1 Premium	316,201	-	8,794	307,407
2018 Local Bonds Receivable	(12,361,201)	-	(343,795)	(12,017,406)
Total	<u>\$ 101,818,545</u>	<u>\$ -</u>	<u>\$ 3,470,546</u>	<u>\$ 98,347,999</u>

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

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

Year Ended June 30,	Principal	Interest	Total
2023	\$ 3,295,000	\$ 4,045,788	\$ 7,340,788
2024	3,455,000	3,921,644	7,376,644
2025	3,640,000	3,753,744	7,393,744
2026	3,800,000	3,576,844	7,376,844
2027	3,995,000	3,386,844	7,381,844
2028-2032	23,095,000	13,779,194	36,874,194
2033-2037	24,325,000	7,862,956	32,187,956
2038-2042	14,970,000	3,448,688	18,418,688
2043-2047	9,485,000	1,090,438	10,575,438
Total	<u>\$ 90,060,000</u>	<u>\$ 44,866,140</u>	<u>\$ 134,926,140</u>

4. Lease Revenue Bonds

Lease revenue bonds at June 30, 2022 consisted of the following:

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>
Lease Revenue Bonds Series A	05/10/10	6.46%	05/01/27	<u>\$ 13,015,000</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Lease Revenue Bonds Series A	\$ 12,730,000	\$ -	\$ -	\$ 12,730,000
Total	<u>\$ 12,730,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,730,000</u>

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

Year Ended June 30,	Principal	Interest	Total
2023	\$ -	\$ 822,231	\$ 822,231
2024	-	822,231	822,231
2025	-	822,231	822,231
2026	-	822,231	822,231
2027	12,730,000	822,231	13,552,231
Total	<u>\$ 12,730,000</u>	<u>\$ 4,111,155</u>	<u>\$ 16,841,155</u>

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

5. Bond Premiums

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

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

	<u>2013 Series A</u>	<u>2015 Series B</u>	<u>2016 Series C</u>	<u>2018 Series D</u>
Total Interest Payments	\$ 113,607,493	\$ 88,265,753	\$ 42,624,776	\$ 18,093,285
Less Bond Premium	<u>(8,336,717)</u>	<u>(6,379,386)</u>	<u>(2,852,014)</u>	<u>(939,590)</u>
Net Interest Payments	<u>105,270,776</u>	<u>81,886,367</u>	<u>39,772,762</u>	<u>17,153,695</u>
PAR Amount of Bonds	160,000,000	117,040,000	62,000,000	25,000,000
Periods	25	25	25	25
Effective Interest Rate	2.63%	2.80%	2.57%	2.74%
	<u>2016 Special Tax</u>	<u>2018 Special Tax</u>	<u>2018 Series E</u>	
Total Interest Payments	\$ 18,468,936	\$ 42,888,732	\$ 40,309,058	
Less Bond Premium	<u>(456,005)</u>	<u>(8,616,236)</u>	<u>(4,611,191)</u>	
Net Interest Payments	<u>18,012,931</u>	<u>34,272,496</u>	<u>35,697,867</u>	
PAR Amount of Bonds	23,820,000	74,580,000	80,615,000	
Periods	30	28	22	
Effective Interest Rate	2.52%	1.64%	2.01%	

6. Leases Payable

In January 2018, the District entered into a capital master tax-exempt lease-purchase agreement with U.S. Bancorp Government Leasing and Finance, Inc. to purchase six school buses. The total amount to be financed was \$866,396 for a period of six years at a fixed interest rate of 2.82% per year with semi-annual payments of \$78,987 consisting of principal and interest due July 31 and January 31 of each year, with the first payment due July 31, 2018.

In October 2020, the District entered into a board approved master lease-purchase agreement with Enterprise LM Trust, trade name Enterprise Fleet Management Services, to purchase up to thirty three utility vehicles to facilitate replacement of the District's aging service fleet. The lease agreement is for a term of three years or thirty six months with monthly lease purchase payments to be invested over the term providing for the third year buyout and, depending on performance, reducing the overall cost further.

The District acquired a total of nine vehicles in May 2021 for \$174,776 which is to be paid over three years in monthly installments of \$5,867 which includes interest and a monthly management fee for each vehicle.

The District acquired a total of seven vehicles in June 2021 for \$110,772 which is to be paid over three years in monthly installments of \$3,662 which includes interest and a monthly management fee for each vehicle.

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

During the fiscal year ended June 30, 2022 the district entered into a lease agreement with Enterprise for the right to use sixteen vehicles and into lease agreements with Xerox for the right to use nineteen copy machines. The leases have been recorded in accordance with GASB Statement No. 87 with a discount rate of 0.20%.

Future payment requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	\$ 443,185	\$ 40,011	\$ 483,196
2024	431,023	30,257	461,280
2025	309,208	3,232	312,440
2026	5,603	2	5,605
Total	<u>\$ 1,189,019</u>	<u>\$ 73,502</u>	<u>\$ 1,262,521</u>

7. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2022 amounted to \$2,164,563. This amount is included as part of long-term liabilities in the government-wide financial statements.

8. Net Pension Liability

The District's beginning net pension liability was \$156,199,606 and decreased by \$69,615,629 during the year ended June 30, 2022 for an ending net pension liability of \$86,583,977. See Note O for additional information regarding the net pension liability.

9. Net OPEB Liability

The District's beginning Net OPEB liability was \$32,982,190 and decreased by \$6,598,530 during the year ended June 30, 2022 for an ending Net OPEB liability of \$26,383,660. See Note P for additional information regarding the net OPEB liability.

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

O. Pension Plans

1. General Information about the Pension Plans

a. Plan Descriptions

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

b. Benefits Paid

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

The Plan's provisions and benefits in effect at June 30, 2022 are summarized as follows:

	CalSTRS	
	Before Jan. 1, 2013	After Jan. 1, 2013
Hire Date		
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55-60	55-62
Monthly Benefits as a % of Eligible Compensation	1.1 - 2.4%	1.0 - 2.4%*
Required Employee Contribution Rates (2021-22)	10.250%	10.205%
Required Employer Contribution Rates (2021-22)	16.920%	16.920%
Required State Contribution Rates (2021-22)	10.828%	10.828%

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

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

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

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

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

c. Contributions

CalSTRS

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

CalPERS

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

On Behalf Payments

Consistent with California Education Code §22955.1, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the fiscal year ended June 30, 2022 the State contributed 10.828% of salaries creditable to CalSTRS. Consistent with the requirements of generally accepted accounting principles, the District has recorded these contributions as revenue and expense in the fund financial statements (current financial resources measurement focus). The government-wide financial statements have recorded revenue and expense for pension expense paid on behalf of the District (economic resources measurement focus). Contributions reported for on behalf payments are based on the District's proportionate share of the 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 past three fiscal years are as follows:

Year Ended June 30,	CalSTRS		
	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2020	10.328%	\$ 7,450,363	\$ 2,355,141
2021	10.328%	8,088,908	5,268,139
2022	10.828%	8,851,611	1,304,343

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

d. Contributions Recognized

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

	Governmental Fund Financial Statements (Current Financial Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 13,246,122	\$ 5,165,144	\$ 18,411,266
Contributions - State On Behalf Payments	1,304,343	-	1,304,343
Total Governmental Funds	<u>\$ 14,550,465</u>	<u>\$ 5,165,144</u>	<u>\$ 19,715,609</u>

	Government-Wide Financial Statements (Economic Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 12,059,575	\$ 4,400,822	\$ 16,460,397
Contributions - State On Behalf Payments	8,088,908	-	8,088,908
Total Government-Wide	<u>\$ 20,148,483</u>	<u>\$ 4,400,822</u>	<u>\$ 24,549,305</u>

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

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

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

	Proportionate Share of the Net Pension Liability		
	CalSTRS	CalPERS	Total
Governmental Activities	\$ 57,252,169	\$ 29,331,808	\$ 86,583,977

The District's net pension liability for each Plan is measured as the proportionate share of the total net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2021. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to measurement date June 30, 2021 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, as actuarially determined.

The District's proportionate share of the net pension liability for each Plan as of June 30, 2021 and June 30, 2022 were as follows:

	CalSTRS		Total For District Employees	CalPERS
	District's Proportionate Share	State's Proportionate Share*		District's Proportionate Share
<u>Governmental Activities</u>				
Proportion June 30, 2021	0.11620%	0.08260%	0.19880%	0.14190%
Proportion June 30, 2022	0.12580%	0.09330%	0.21910%	0.14420%
Change in Proportion	0.00960%	0.01070%	0.02030%	0.00230%

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

a. Pension Expense

	Governmental Activities		
	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	\$ (55,395,879)	\$ (14,219,750)	\$ (69,615,629)
State On Behalf Pension Expense	1,304,343	-	1,304,343
Employer Contributions to Pension Expense	13,246,122	5,165,144	18,411,266
Change in Contributions Subsequent to Measurement Date	(1,186,547)	(764,322)	(1,950,869)
Change in Other Deferred Outflows/Inflows of Resources	45,476,529	12,734,666	58,211,195
Total Pension Expense - Governmental	\$ 3,444,568	\$ 2,915,738	\$ 6,360,306

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

b. Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources		
	CalSTRS	CalPERS	Total
<u>Governmental Activities</u>			
Pension contributions subsequent to measurement date	\$ 13,246,122	\$ 5,165,144	\$ 18,411,266
Differences between actual and expected experience	123,919	888,192	1,012,111
Changes in assumptions	6,027,507	-	6,027,507
Changes in employer's proportionate share	7,680,660	758,289	8,438,949
Net difference between projected and actual earnings	-	-	-
Total Deferred Outflows of Resources	<u>\$ 27,078,208</u>	<u>\$ 6,811,625</u>	<u>\$ 33,889,833</u>

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
<u>Governmental Activities</u>			
Differences between actual and expected experience	\$ 5,840,914	\$ 69,147	\$ 5,910,061
Changes in assumptions	-	-	-
Changes in employer's proportionate share	7,065,114	1,252,736	8,317,850
Net difference between projected and actual earnings	45,687,153	11,290,813	56,977,966
Total Deferred Inflows of Resources	<u>\$ 58,593,181</u>	<u>\$ 12,612,696</u>	<u>\$ 71,205,877</u>

Pension contributions made subsequent to the measurement date reported as deferred outflows of resources will be recognized as a portion of pension expense in the year ended June 30, 2023. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a five-year period. Pension expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

Year Ended June 30,	Governmental Activities				
	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect on Expenses
	CalSTRS	CalPERS	CalSTRS	CalPERS	
2023	\$ 18,051,403	\$ 6,035,765	\$ (15,278,662)	\$ (3,644,763)	\$ 5,163,743
2024	4,805,279	413,054	(14,041,356)	(3,100,743)	(11,923,766)
2025	2,025,326	221,235	(14,308,317)	(2,736,490)	(14,798,246)
2026	2,025,324	141,571	(13,593,930)	(3,130,700)	(14,557,735)
2027	170,876	-	(765,417)	-	(594,541)
Thereafter	-	-	(605,499)	-	(605,499)
Total	<u>\$ 27,078,208</u>	<u>\$ 6,811,625</u>	<u>\$ (58,593,181)</u>	<u>\$ (12,612,696)</u>	<u>\$ (37,316,044)</u>

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

c. Actuarial Assumptions

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

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

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

d. Discount Rate

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

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

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

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

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

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

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

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

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

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

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

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

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

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

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

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

	<u>CalSTRS</u>	<u>CalPERS</u>
1% Decrease	6.10%	6.15%
Net Pension Liability	\$ 116,546,941	\$ 49,457,547
Current Discount Rate	7.10%	7.15%
Net Pension Liability	\$ 57,252,169	\$ 29,331,808
1% Increase	8.10%	8.15%
Net Pension Liability	\$ 8,040,453	\$ 12,623,126

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

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

CalSTRS Governmental Activities

	Increase (Decrease)				
	Total Pension Liability (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, 2021 (Previously Reported)	\$ 683,904,446	\$ 491,180,053	\$ 192,724,393	\$ 80,076,345	\$ 112,648,048
Changes for the year					
CalSTRS auditor adjustment	-	-	-	-	-
Change in proportionate share	69,533,714	49,939,101	19,594,613	10,322,355	9,272,258
Service cost	16,677,207	-	16,677,207	7,100,626	9,576,581
Interest	53,399,049	-	53,399,049	22,735,622	30,663,427
Difference between expected and actual experience	(7,381,176)	-	(7,381,176)	(3,142,671)	(4,238,505)
Change in assumptions	-	-	-	-	-
Change in benefits	-	-	-	-	-
Contributions:					
Employer	-	12,615,733	(12,615,733)	(5,371,379)	(7,244,354)
Employee	-	8,199,498	(8,199,498)	(3,491,086)	(4,708,412)
State on behalf	-	8,174,071	(8,174,071)	(3,480,260)	(4,693,811)
Net investment income	-	146,875,583	(146,875,583)	(62,534,966)	(84,340,617)
Other income	-	198,177	(198,177)	(84,377)	(113,800)
Benefit payments ⁽¹⁾	(36,606,005)	(36,606,005)	-	-	-
Administrative expenses	-	(551,137)	551,137	234,656	316,481
Borrowing costs	-	(196,314)	196,314	83,584	112,730
Other expenses	-	(3,731)	3,731	1,588	2,143
Net changes	95,622,789	188,644,976	(93,022,187)	(37,626,308)	(55,395,879)
Balance at June 30, 2022	\$ 779,527,235	\$ 679,825,029	\$ 99,702,206	\$ 42,450,037	\$ 57,252,169

(1) – Includes refunds of employee contributions

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

CalPERS Governmental Activities

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2021			
(Previously Reported)	\$ 145,189,961	\$ 101,638,403	\$ 43,551,558
Changes for the year			
Change in proportionate share	2,359,823	1,651,964	707,859
Service cost	3,386,051	-	3,386,051
Interest	10,409,913	-	10,409,913
Difference between expected and actual experience	(92,196)	-	(92,196)
Change in assumptions	-	-	-
Change in benefits	-	-	-
Contributions:			
Employer	-	4,287,338	(4,287,338)
Employee	-	1,470,099	(1,470,099)
Nonemployer	-	-	-
Net plan to plan resource movement	-	-	-
Net investment income	-	22,976,381	(22,976,381)
Benefit payments ⁽¹⁾	(7,114,831)	(7,114,831)	-
Administrative expenses	-	(102,441)	102,441
Other expenses	-	-	-
Net changes	8,948,760	23,168,510	(14,219,750)
Balance at June 30, 2022	\$ 154,138,721	\$ 124,806,913	\$ 29,331,808

(1) – Includes refunds of employee contributions

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

P. Postemployment Benefits Other than Pension Benefits (OPEB)

1. General Information about the OPEB Plan

Plan Description

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

Plan Eligibility

The District provides medical and prescription drug benefits to its employees up to age 65. The District pays up to 100% of the retiree only cost up to a maximum which is based on the highest employee only medical premium in effect in the year of retirement. The District does not provide any retiree health benefits beyond age 65.

For certificated employees, the District provides retiree medical and prescription drug benefits to eligible retirees. The District's financial obligation is to pay for the retiree's medical coverage to age 65. The District pays up to 100% of the retiree only cost up to a maximum which is based on the highest employee only medical premium in effect in the year of retirement. Eligibility for retiree health coverage requires retirement with at least 10 years of service on or after age 55.

For classified employees, other management, confidential, and administrative employees, the District provides medical and prescription drug benefits to the earlier of age 65 or the end of a period of ten years. The District pays up to 100% of the retiree only cost up to a maximum which is based on the highest employee only medical premium in effect in the year of retirement. The District does not provide any retiree health benefits beyond age 65 or after a period of 10 years, if earlier. Eligibility for retiree health coverage requires retirement with at least 10 years of District service.

Retirees also have the option to elect dental coverage for themselves and eligible dependents but must pay the entire cost of coverage. Dependent coverage (except COBRA continuation) ceases upon the death of the retiree or when the retiree reaches age 65. The retiree pays for any amounts above the District's maximum contribution, for the cost of covering any eligible dependents and for the cost of coverage for employee dental.

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

Employees Covered by Benefit Terms

At measurement date, June 30, 2022, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	56
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	<u>1,078</u>
	<u>1,134</u>

2. Net OPEB Liability

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

Actuarial Assumptions

The Net OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Fiscal Year	July 1 st to June 30 th
Measurement Date	June 30, 2021
Funding Policy	Pay-as-you-go
Discount Rate	5.42% per annum
Investment Rate of Return	5.50%
Inflation	2.75% per annum
Salary Increases	2.75% per annum
Healthcare Cost Trend Rates	6.50% decreasing to 4.50%
Retiree's Share of Costs	0.00% of projected premiums

Mortality rates are based on the most recent rates used by CalPERS and CalSTRS for pension valuations. The CalPERS mortality table was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB. The CalSTRS mortality table was developed based on CalSTRS specific data. The table includes mortality improvements set at 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

The actuarial assumptions used in the valuation were based on the results of CalPERS actuarial experience study for the period July 1, 1997 to June 30, 2011 and the CalSTRS experience study for the period July 1, 2010 to June 30, 2015.

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

Discount Rate

Under GASB 74, the discount rate used in valuing OPEB liabilities for funded plans as of the Measurement Date must be based on the long-term expected rate of return on OPEB plan investments that are expected to be used to finance future benefit payments to the extent that (a) they are sufficient to pay for the projected benefit payments and (b) the OPEB plan assets are invested using a strategy that will achieve that return. When the OPEB plan investments are insufficient to cover future benefit payments, a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA /Aa or higher (or equivalent quality on another rating scale) must be used.

Actuarial Cost Method

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

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

Actuarial Value of Assets

Any assets of the plan are valued on a market value basis.

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major class included in the OPEB plan's target asset allocation as of June 30, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	59%	5.50%
Global Debt Securities	25%	2.35%
Inflation Assets	5%	1.50%
Real Estate Investment Trusts	8%	3.65%
Commodities	3%	1.75%
Cash	0%	0.00%

Long-term expected rate of return is 5.50%.

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

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, 2021	\$ 33,240,595	\$ 258,405	\$ 32,982,190
Changes for the year:			
Service cost	2,293,180	-	2,293,180
Interest	1,762,067	-	1,762,067
Changes in benefit terms	-	-	-
Experience differences	(7,864,351)	-	(7,864,351)
Changes in assumptions	(1,235,924)	-	(1,235,924)
Contributions - Employer	-	1,548,709	(1,548,709)
Net investment income	-	5,674	(5,674)
Trust administrative expense	-	(881)	881
Benefit payments	(1,298,709)	(1,298,709)	-
Net change	(6,343,737)	254,793	(6,598,530)
Balance at June 30, 2022	<u>\$ 26,896,858</u>	<u>\$ 513,198</u>	<u>\$ 26,383,660</u>

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

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	Valuation		
	1% Decrease (4.42%)	Discount Rate (5.42%)	1% Increase (6.42%)
Net OPEB Liability	\$ 28,310,654	\$ 26,383,660	\$ 24,451,387

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

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

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

	<u>1% Decrease</u>	<u>Healthcare Cost Trends Rate</u>	<u>1% Increase</u>
	5.50%	6.50%	7.50%
	Decreasing to	Decreasing to	Decreasing to
	<u>3.50%</u>	<u>4.50%</u>	<u>5.50%</u>
Net OPEB Liability	\$ 23,527,270	\$ 26,383,660	\$ 29,535,976

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$2,586,521. At June 30, 2022 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Subsequent contributions	\$ 847,700	\$ -
Earnings differences	11,168	-
Changes of assumptions	-	5,388,431
Experience differences	<u>1,196,252</u>	<u>7,556,783</u>
Total	<u>\$ 2,055,120</u>	<u>\$ 12,945,214</u>

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

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
2023	\$ 999,934	\$ (1,600,870)	\$ (600,936)
2024	152,234	(1,600,870)	(1,448,636)
2025	152,236	(1,600,870)	(1,448,634)
2026	152,592	(1,600,870)	(1,448,278)
2027	149,532	(1,458,601)	(1,309,069)
Thereafter	448,592	(5,083,133)	(4,634,541)
Total	<u>\$ 2,055,120</u>	<u>\$ (12,945,214)</u>	<u>\$ (10,890,094)</u>

Payables to the OPEB Plan

At June 30, 2022, the District did not have any payables to the OPEB plan outstanding.

Q. Risk Management

The District is exposed to risk of losses due to:

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

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

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

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

R. Participation in Joint Powers Authorities

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

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

S. Commitments and Contingencies

1. State and Federal Allowances, Awards, and Grants

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

2. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District as of June 30, 2022.

3. Construction Commitments

As of June 30, 2022, the District had the following commitments with respect to unfinished capital projects:

	<u>Commitment</u>	<u>Expected Date of Completion*</u>	<u>Percentage Complete</u>
Construction in Process:			
Canyon Crest New Black Box/Library Renovation	\$ 358,543	TBD	0.0%
Carmel Valley Middle School Student Quad Reconfiguration	18,692	Fall 2024	1.7%
Carmel Valley Middle School Front Entry Improvements	33,180	Fall 2022	36.4%
Diegueno Middle School Buildings C, D, F, K, G & Cougar Hall Improvements	665,809	Fall 2023	0.0%
La Costa Canyon High School Fitness Complex	369,000	Spring 2024	0.0%
Oak Crest Audio/Visual Technology Improvements	382,918	Fall 2022	99.8%
San Dieguito Academy Buildings A, B, IV & Mosaic Cafe Modernization	520,839	Winter 2023	0.0%
San Dieguito Academy Gym Building Roof/HVAC & Locker Room	449,263	Winter 2023	0.0%
San Dieguito Academy I Building Roof/HVAC & A/C Improvements	280,415	TBD	10.4%
San Dieguito Academy Parking Lot/Outdoor Play Court	181,115	Spring 2023	0.0%
Torrey Pines Building I Food Service/Makerspace/Lab	160,904	09/30/22	81.3%
Torrey Pines Building I New Digital Arts Classrooms	11,059,492	06/01/23	15.0%
Torrey Pines Athletic Facilities: Gym Building Modernization	2,473,862	Spring 2024	2.7%

*Expected date of completion subject to change

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

T. Deferred Outflows of Resources

The District issued refunding bonds in 2020 and as a result of the calculated gain or loss, a loss on refunding in the amount of \$17,035,000 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 bonds in 2021 and as a result of the calculated gain or loss, a loss on refunding in the amount of \$4,740,000 was recognized as a deferred outflow of resources. The loss on refunding will be amortized over fifteen years based on the debt service of the new refunding bonds.

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

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

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

Description	Beginning Balance	Increases	Decreases	Ending Balance
Refunding Loss - 2020 Bonds	\$ 15,331,500	\$ -	\$ 851,750	\$ 14,479,750
Refunding Loss - 2021 Bonds	4,740,000	-	296,250	4,443,750
Pension Related				
CalSTRS	22,798,246	22,518,380	18,238,418	27,078,208
CalPERS	7,387,217	5,873,003	6,448,595	6,811,625
OPEB Related	2,202,549	862,997	1,010,426	2,055,120
Total Deferred Outflows of Resources	<u>\$ 52,459,512</u>	<u>\$ 29,254,380</u>	<u>\$ 26,845,439</u>	<u>\$ 54,868,453</u>

Future amortization of deferred outflows is as follows:

Year Ending June 30,	Refunding Losses	Pension Related	OPEB Related	Total
2023	\$ 1,148,000	\$ 18,051,403	\$ 999,934	\$ 20,199,337
2024	1,148,000	10,841,047	152,234	12,141,281
2025	1,148,000	2,438,380	152,236	3,738,616
2026	1,148,000	2,246,559	152,592	3,547,151
2027	1,148,010	312,444	149,532	1,609,986
Thereafter	13,183,490	-	448,592	13,632,082
Total	<u>\$ 18,923,500</u>	<u>\$ 33,889,833</u>	<u>\$ 2,055,120</u>	<u>\$ 54,868,453</u>

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

U. Deferred Inflows of Resources

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

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

In accordance with GASB Statement No. 87, deferred rent income is recorded as a deferred inflow of resources.

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

Description	Beginning Balance	Increases	Decreases	Ending Balance
Pension Related				
CalSTRS	\$ 10,023,237	\$ 66,681,286	\$ 18,111,342	\$ 58,593,181
CalPERS	1,217,941	15,745,696	4,350,941	12,612,696
OPEB Related	5,445,809	9,100,275	1,600,870	12,945,214
Deferred Rent Income	-	25,200	-	25,200
Total Deferred Inflows of Resources	<u>\$ 16,686,987</u>	<u>\$ 91,552,457</u>	<u>\$ 24,063,153</u>	<u>\$ 84,176,291</u>

Future amortization of deferred inflows is as follows:

Year Ending June 30,	Pension Related	OPEB Related	Deferred Rent Income	Total
2023	\$ 15,278,662	\$ 1,600,870	\$ 12,600	\$ 16,892,132
2024	17,686,119	1,600,870	12,600	19,299,589
2025	17,409,060	1,600,870	-	19,009,930
2026	16,330,420	1,600,870	-	17,931,290
2027	3,896,117	1,458,601	-	5,354,718
Thereafter	605,499	5,083,133	-	5,688,632
Total	<u>\$ 71,205,877</u>	<u>\$ 12,945,214</u>	<u>\$ 25,200</u>	<u>\$ 84,176,291</u>

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2022

V. Adjustment to Beginning Net Position

During the fiscal year ended June 30, 2022, the District updated the methodology for amortizing debt issue premiums from straight-line to economic interest method in accordance with generally accepted accounting principles. In addition, the District identified a typo in previously reported deferred inflows of resources resulting in an understatement of prior year deferred outflows of resources which the District is correcting in the current year. The corrections resulted in an adjustment to beginning net position as follows:

	Government-Wide Financial Statements
Beginning Net Position as Reported in June 30, 2021 Audit Report	\$ (66,536,661)
Adjustments to Beginning Net Position	
Correction to Deferred Outflows of Resources	30,000
Change in Amortization of Premium from Straight Line to Economic Interest	(2,163,794)
Beginning Net Position, as Restated	<u>\$ (68,670,455)</u>

W. Upcoming Accounting Guidance

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

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

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

Required Supplementary Information

San Dieguito Union High School District

Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2022

	Budgeted Amounts			Variance to Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
LCFF Sources				
State Apportionment	\$ 353,318	\$ 353,318	\$ 508,538	\$ 155,220
Education Protection Account	2,535,806	2,544,382	2,546,818	2,436
Property Taxes	126,192,177	126,856,519	127,298,712	442,193
Federal Revenue	9,398,327	9,546,573	8,887,124	(659,449)
Other State Revenue	12,847,329	22,803,077	22,830,695	27,618
Interest Income	851,640	164,990	296,967	131,977
Fair Market Value Adjustment	-	-	(908,911)	(908,911)
Other Local Revenue	9,079,843	10,868,854	12,167,971	1,299,117
Total Revenues	<u>161,258,440</u>	<u>173,137,713</u>	<u>173,627,914</u>	<u>490,201</u>
Expenditures				
Current Expenditures:				
Certificated Salaries	79,727,063	78,125,726	78,749,690	(623,964)
Classified Salaries	24,364,139	24,142,519	23,868,915	273,604
Employee Benefits	40,082,950	40,158,183	40,485,569	(327,386)
Books and Supplies	4,548,660	8,094,132	4,252,231	3,841,901
Services and Other Operating	18,910,264	19,320,662	17,790,980	1,529,682
Other Outgo	646,543	1,925,776	1,853,396	72,380
Transfers of Indirect Costs	(99,000)	(120,593)	(117,918)	(2,675)
Capital Outlay	4,250,000	7,201,131	2,524,035	4,677,096
Debt Service				
Principal	900,071	904,858	992,562	(87,704)
Interest	845,722	840,935	841,380	(445)
Total Expenditures	<u>174,176,412</u>	<u>180,593,329</u>	<u>171,240,840</u>	<u>9,352,489</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(12,917,972)</u>	<u>(7,455,616)</u>	<u>2,387,074</u>	<u>9,842,690</u>
Other Financing Sources (Uses)				
Interfund Transfers In	765,589	855,549	855,550	1
Interfund Transfers Out	(63,000)	(160,000)	(162,736)	(2,736)
Proceeds from Leases	-	-	287,251	287,251
Net Financing Sources (Uses)	<u>702,589</u>	<u>695,549</u>	<u>980,065</u>	<u>284,516</u>
Net Change in Fund Balance	<u>(12,215,383)</u>	<u>(6,760,067)</u>	<u>3,367,139</u>	<u>10,127,206</u>
Fund Balance - Beginning of Year	<u>33,188,259</u>	<u>33,188,259</u>	<u>33,188,259</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 20,972,876</u>	<u>\$ 26,428,192</u>	<u>\$ 36,555,398</u>	<u>\$ 10,127,206</u>

See Accompanying Notes to Required Supplementary Information

San Dieguito Union High School District

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

Last Ten Fiscal Years*

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.1258%	0.1162%	0.1288%	0.1281%	0.1294%	0.1209%	0.1196%	0.1263%	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 57,252,169	\$112,648,048	\$116,366,979	\$117,757,677	\$119,674,988	\$ 97,797,306	\$ 80,535,333	\$ 73,782,939	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	42,450,038	80,076,345	66,039,313	65,006,215	68,093,206	62,153,969	46,567,277	37,220,169	N/A	N/A
Total	\$ 99,702,207	\$192,724,393	\$182,406,292	\$182,763,892	\$187,768,194	\$159,951,275	\$127,102,610	\$111,003,108	N/A	N/A
District's covered payroll	73,920,731	71,558,690	69,253,397	68,044,491	68,421,216	60,074,753	55,280,293	55,947,164	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	77.45%	157.42%	168.03%	173.06%	174.91%	162.79%	145.69%	131.88%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	87.21%	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%	76.52%	N/A	N/A

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

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

See Accompanying Notes to Required Supplementary Information

San Dieguito Union High School District
Schedule of the District's Contributions - CalSTRS
Last Ten Fiscal Years*

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 13,246,122	\$ 11,938,198	\$ 12,236,536	\$ 11,274,453	\$ 9,818,820	\$ 8,607,389	\$ 6,446,021	\$ 4,908,890	N/A	N/A
Contributions in relation to the contractually required contribution	<u>(13,246,122)</u>	<u>(11,938,198)</u>	<u>(12,236,536)</u>	<u>(11,274,453)</u>	<u>(9,818,820)</u>	<u>(8,607,389)</u>	<u>(6,446,021)</u>	<u>(4,908,890)</u>	<u>N/A</u>	<u>N/A</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>N/A</u>	<u>N/A</u>
District's covered payroll	\$ 78,286,773	\$ 73,920,731	\$ 71,558,690	\$ 69,253,397	\$ 68,044,491	\$ 68,421,216	\$ 60,074,753	\$ 55,280,293	N/A	N/A
Contributions as a percentage of covered payroll	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%	N/A	N/A

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

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

San Dieguito Union High School District

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

Last Ten Fiscal Years*

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.1442%	0.1419%	0.1408%	0.1497%	0.1562%	0.1525%	0.1448%	0.1476%	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 29,331,808	\$ 43,551,558	\$ 41,047,346	\$ 39,913,666	\$ 37,278,559	\$ 30,126,345	\$ 21,336,448	\$ 16,750,628	N/A	N/A
District's covered payroll	\$ 20,711,754	\$ 20,628,731	\$ 19,710,497	\$ 19,959,745	\$ 20,056,300	\$ 18,471,840	\$ 16,097,264	\$ 15,514,272	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	141.62%	211.12%	208.25%	199.97%	185.87%	163.09%	132.55%	107.97%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	80.97%	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%	83.38%	N/A	N/A

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

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

See Accompanying Notes to Required Supplementary Information

San Dieguito Union High School District
Schedule of the District's Contributions - CalPERS
Last Ten Fiscal Years*

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 5,165,144	\$ 4,287,333	\$ 4,068,192	\$ 3,560,110	\$ 3,099,948	\$ 2,785,419	\$ 2,188,359	\$ 1,894,809	N/A	N/A
Contributions in relation to the contractually required contribution	(5,165,144)	(4,287,333)	(4,068,192)	(3,560,110)	(3,099,948)	(2,785,419)	(2,188,359)	(1,894,809)	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A
District's covered payroll	\$ 22,545,369	\$ 20,711,754	\$ 20,628,731	\$ 19,710,497	\$ 19,959,745	\$ 20,056,300	\$ 18,471,840	\$ 16,097,264	N/A	N/A
Contributions as a percentage of covered payroll	22.910%	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%	N/A	N/A

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

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

San Dieguito Union High School District

Schedule of Changes in the District's Net OPEB Liability and Related Ratios – SDUHSD Retiree Health Benefit Plan

Last Ten Fiscal Years*

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total OPEB liability:										
Service cost	\$ 2,293,180	\$ 2,792,779	\$ 2,411,837	\$ 2,379,289	\$ 2,524,714	N/A	N/A	N/A	N/A	N/A
Interest	1,762,067	1,225,312	1,167,457	1,062,707	863,398	N/A	N/A	N/A	N/A	N/A
Changes of benefit terms	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A
Experience differences	(7,864,351)	1,495,316	(684,094)	-	-	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	(1,235,924)	(4,001,168)	(529,249)	(244,107)	(1,280,421)	N/A	N/A	N/A	N/A	N/A
Benefit payments	<u>(1,298,709)</u>	<u>(967,231)</u>	<u>(1,228,879)</u>	<u>(1,032,339)</u>	<u>(969,332)</u>	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	(6,343,737)	545,008	1,137,072	2,165,550	1,138,359	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	<u>33,240,595</u>	<u>32,695,587</u>	<u>31,558,515</u>	<u>29,392,965</u>	<u>28,254,606</u>	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	<u>\$ 26,896,858</u>	<u>\$ 33,240,595</u>	<u>\$ 32,695,587</u>	<u>\$ 31,558,515</u>	<u>\$ 29,392,965</u>	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position:										
Contributions - employer	\$ 1,548,709	\$ 1,217,231	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A
Contributions - employee	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A
Net investment income	5,674	8,563	-	-	-	N/A	N/A	N/A	N/A	N/A
Benefit payments	(1,298,709)	(967,231)	-	-	-	N/A	N/A	N/A	N/A	N/A
Administrative expenses	<u>(881)</u>	<u>(158)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net change in plan fiduciary net position	254,793	258,405	-	-	-	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position - beginning	<u>258,405</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Plan fiduciary net position - ending	<u>\$ 513,198</u>	<u>\$ 258,405</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net OPEB liability	<u>\$ 26,383,660</u>	<u>\$ 32,982,190</u>	<u>\$ 32,695,587</u>	<u>\$ 31,558,515</u>	<u>\$ 29,392,965</u>	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of total OPEB liability	1.91%	0.78%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A
Covered payroll	\$ 91,484,025	\$ 88,055,292	\$ 85,698,581	\$ 54,295,000	\$ 51,854,000	N/A	N/A	N/A	N/A	N/A
Net OPEB liability as a percentage of covered payroll	28.84%	37.46%	38.15%	58.12%	56.68%	N/A	N/A	N/A	N/A	N/A

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

See Accompanying Notes to Required Supplementary Information

San Dieguito Union High School District

Schedule of District's Contributions – SDUHSD Retiree Health Benefit Plan

Last Ten Fiscal Years*

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarial determined contributions	\$ 3,922,562	\$ 5,196,014	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	1,217,231	1,217,231	1,228,879	1,032,339	969,332	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ 2,705,331	\$ 3,978,783	\$ (1,228,879)	\$ (1,032,339)	\$ (969,332)	N/A	N/A	N/A	N/A	N/A
District's covered payroll	91,484,025	88,055,292	85,698,581	54,295,000	51,854,000	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	1.331%	1.382%	1.434%	1.901%	1.869%	N/A	N/A	N/A	N/A	N/A

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

See Accompanying Notes to Required Supplementary Information

San Dieguito Union High School District

Notes to Required Supplementary Information

For the Year Ended June 30, 2022

Budgetary Comparison Schedule – General Fund

As described in Note A to these financial statements, for purposes of reporting in conformity with GASB Statement No. 54, the District’s Special Reserve Fund for Other than Capital Outlay (Fund 17) and the Pupil Transportation Equipment Fund (Fund 15) were included with the General Fund. The Budgetary Comparison Schedule included in the Required Supplementary Information is based on the legally adopted budget for the General Fund only.

General Fund - Basic Financial Statements Ending Fund Balance	\$ 36,604,803
Fund 15 Fund Balance	(49,405)
Fund 17 Fund Balance	-
General Fund - Budgetary Comparison Schedule Ending Fund Balance	<u>\$ 36,555,398</u>
General Fund - Basic Financial Statements Net Change in Fund Balance	\$ 3,280,536
Fund 15 Net Change in Fund Balance	1,096
Fund 17 Net Change in Fund Balance	85,507
General Fund - Budgetary Comparison Schedule Net Change in Fund Balance	<u>\$ 3,367,139</u>

Excess of Expenditures Over Appropriations

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

<u>Appropriations Category</u>	<u>Excess Expenditures</u>	<u>Reason for Excess Expenditures</u>
General Fund:		
Certificated Salaries	\$ 623,964	The District underestimated certificated salaries paid as additional compensation due to pandemic.
Employee Benefits	327,386	The District underestimated employee benefit increases and STRS on-behalf increase.
Transfers of Indirect Costs	2,675	The District underestimated additional transfers of costs to other agencies.
Debt Service	88,149	The District did not budget for implementation of GASB Statement No. 87.

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

San Dieguito Union High School District
Notes to Required Supplementary Information, Continued
For the Year Ended June 30, 2022

Schedule of District’s Proportionate Share – CalSTRS

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

Schedule of District’s Contributions – CalSTRS

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

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

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

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

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

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

San Dieguito Union High School District
Notes to Required Supplementary Information, Continued
For the Year Ended June 30, 2022

Schedule of District’s Proportionate Share – CalPERS

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

Schedule of District’s Contributions – CalPERS

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

<u>Reporting Period</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Measurement Date	06/30/14	06/30/15	06/30/16	06/30/17
Valuation Date	06/30/13	06/30/14	06/30/15	06/30/16
Experience Study	07/01/97 - 06/30/11	07/01/97 - 06/30/11	07/01/97 - 06/30/11	07/01/97 - 06/30/11
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.50%	7.65%	7.65%	7.15%
Consumer Price Inflation	2.75%	2.75%	2.75%	2.75%
Wage Growth (Average)	3.00%	3.00%	3.00%	3.00%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple
<u>Reporting Period</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>
Measurement Date	06/30/18	06/30/19	06/30/20	06/30/21
Valuation Date	06/30/17	06/30/18	06/30/19	06/30/20
Experience Study	07/01/97 - 06/30/15	07/01/97 - 06/30/15	07/01/97 - 06/30/15	07/01/97 - 06/30/15
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.15%	7.15%	7.15%	7.15%
Consumer Price Inflation	2.50%	2.50%	2.50%	2.50%
Wage Growth (Average)	3.00%	3.00%	2.75%	2.75%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

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

San Dieguito Union High School District
Notes to Required Supplementary Information, Continued
For the Year Ended June 30, 2022

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

- 1) Benefit Changes: The District made changes to benefit terms consistent with bargaining agreements.
- 2) Changes in Assumptions: Discount rate is updated annually in accordance with provisions of GASB Statement No. 75. In addition, updates were made to reflect new experience studies for CalSTRS and CalPERS along with updated inflation rates.
- 3) The following are the discount rates used for each period:

<u>Year</u>	<u>Discount Rate</u>
2018	3.40%
2019	3.50%
2020	3.50%
2021	5.05%
2022	5.42%

Schedule of District's Contributions to OPEB Plan

The District is funding OPEB contributions on a pay-as-you-go basis through the OPEB Trust administered by CalPERS.

Combining Statements as Supplementary Information

San Dieguito Union High School District

Combining Balance Sheet – Nonmajor Governmental Funds

June 30, 2022

	Special Revenue Funds		Capital Projects Funds		Debt Service Funds		Total Nonmajor Governmental Funds
	Associated Student Body Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest & Redemption Fund	Debt Service Fund For Blended Component Units	
Assets							
Cash and Investments	\$ 1,980,924	\$ 872,912	\$ 2,354,807	\$ 12,739	\$ 17,103,906	\$ -	\$ 22,325,288
Accounts Receivable	-	844,269	82,012	12,764	-	-	939,045
Due from Other Funds	-	2,736	-	-	-	-	2,736
Stores Inventories	-	50,209	-	-	-	-	50,209
Total Assets	<u>\$ 1,980,924</u>	<u>\$ 1,770,126</u>	<u>\$ 2,436,819</u>	<u>\$ 25,503</u>	<u>\$ 17,103,906</u>	<u>\$ -</u>	<u>\$ 23,317,278</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance:							
Liabilities:							
Accounts Payable	\$ -	\$ 186,786	\$ 176,964	\$ -	\$ -	\$ -	\$ 363,750
Due to Other Funds	-	121,089	55,188	-	-	-	176,277
Unearned Revenue	-	153,742	-	-	-	-	153,742
Total Liabilities	<u>-</u>	<u>461,617</u>	<u>232,152</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>693,769</u>
Deferred Inflows of Resources:							
Deferred Rent Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:							
Nonspendable	-	50,209	-	-	-	-	50,209
Restricted	1,980,924	1,258,300	2,204,667	25,503	17,103,906	-	22,573,300
Total Fund Balance	<u>1,980,924</u>	<u>1,308,509</u>	<u>2,204,667</u>	<u>25,503</u>	<u>17,103,906</u>	<u>-</u>	<u>22,623,509</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,980,924</u>	<u>\$ 1,770,126</u>	<u>\$ 2,436,819</u>	<u>\$ 25,503</u>	<u>\$ 17,103,906</u>	<u>\$ -</u>	<u>\$ 23,317,278</u>

San Dieguito Union High School District

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

June 30, 2022

	Special Revenue Funds		Capital Projects Funds		Debt Service Funds		Total Nonmajor Governmental Funds
	Associated Student Body Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest & Redemption Fund	Debt Service Fund For Blended Component Units	
Revenues							
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 18,172,324	\$ -	\$ 18,172,324
Federal Revenue	-	4,610,176	-	-	-	-	4,610,176
Other State Revenue	-	271,328	40	15,254,190	-	-	15,525,558
Interest	-	3,109	11,371	12,922	81,141	-	108,543
Fair Market Value Adjustment	-	(22,200)	(64,872)	(377)	(507,546)	-	(594,995)
Other Local Revenue	2,281,528	31,481	1,928,137	-	21,074	-	4,262,220
Total Revenues	\$ 2,281,528	\$ 4,893,894	\$ 1,874,676	\$ 15,266,735	\$ 17,766,993	\$ -	\$ 42,083,826
Expenditures							
Current Expenditures:							
Pupil Services	-	3,554,190	-	-	-	-	3,554,190
Ancillary Services	1,922,280	-	-	-	-	-	1,922,280
General Administration	-	117,918	56,583	-	-	-	174,501
Plant Services	-	-	190,537	-	-	-	190,537
Capital Outlay	7,431	12,305	679,573	-	-	-	699,309
Debt Service:							
Principal	-	2,580	-	-	7,040,000	3,150,000	10,192,580
Interest	-	9	-	-	11,473,851	4,234,456	15,708,316
Total Expenditures	1,929,711	3,687,002	926,693	-	18,513,851	7,384,456	32,441,713
Excess (Deficiency) of Revenues Over (Under) Expenditures	351,817	1,206,892	947,983	15,266,735	(746,858)	(7,384,456)	9,642,113
Other Financing Sources (Uses):							
Transfers In	-	2,736	-	-	-	7,384,456	7,387,192
Transfers Out	-	-	-	(15,254,190)	-	-	(15,254,190)
Proceeds from Leases	-	6,242	-	-	-	-	6,242
Total Other Financing Sources (Uses)	-	8,978	-	(15,254,190)	-	7,384,456	(7,860,756)
Net Change in Fund Balance	351,817	1,215,870	947,983	12,545	(746,858)	-	1,781,357
Fund Balance, Beginning of Year	1,629,107	92,639	1,256,684	12,958	17,850,764	-	20,842,152
Fund Balance, End of Year	\$ 1,980,924	\$ 1,308,509	\$ 2,204,667	\$ 25,503	\$ 17,103,906	\$ -	\$ 22,623,509

Other Supplementary Information

San Dieguito Union High School District

Local Education Agency Organization Structure

June 30, 2022

The San Dieguito Union High School District was established in 1936 and is comprised of an area of approximately 85 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 five comprehensive middle schools for grades seven through eight, four comprehensive high schools for grades nine through twelve, and one continuation high school.

GOVERNING BOARD

Name	Office	Term and Term Expiration
Maureen "Mo" Muir	President	Four Year Term Expires December 2022
Michael Allman	Vice President	Four Year Term Expires December 2024
Julie Bronstein	Clerk	Four Year Term Expires December 2022
Katrina Young	Member	Four Year Term Expires December 2024
Vacant	Member	

ADMINISTRATION

Tina Douglas
Interim Superintendent

Mark Miller
Deputy Superintendent
Administrative Services

Bryan Marcus
Associate Superintendent
Educational Services

Olga West
Associate Superintendent
Human Resources

Dawn Campbell
Director of Fiscal Services

San Dieguito Union High School District

Schedule of Average Daily Attendance

Year Ended June 30, 2022

	Second Period Report		Annual Report	
	Certificate #D5302ADA		Certificate #7F48B705	
	Original	Revised	Original	Revised
Grades 7 and 8:				
Regular ADA	3,607.41	N/A	3,602.15	N/A
Extended Year Special Education	4.39	N/A	4.39	N/A
Nonpublic, Nonsectarian Schools	4.26	N/A	3.86	N/A
Extended Year - Nonpublic	0.84	N/A	0.84	N/A
Total Grades 7 and 8	<u>3,616.90</u>	<u>N/A</u>	<u>3,611.24</u>	<u>N/A</u>
Grades 9-12:				
Regular ADA	8,371.41	N/A	8,325.93	N/A
Extended Year Special Education	7.80	N/A	7.80	N/A
Nonpublic, Nonsectarian Schools	22.41	N/A	20.07	N/A
Extended Year - Nonpublic	3.34	N/A	3.34	N/A
Total Grades 9-12	<u>8,404.96</u>	<u>N/A</u>	<u>8,357.14</u>	<u>N/A</u>
Total ADA	<u>12,021.86</u>	<u>N/A</u>	<u>11,968.38</u>	<u>N/A</u>

N/A – There were no findings which resulted in revisions to the second period or annual reports of attendance.

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

San Dieguito Union High School District

Schedule of Instructional Time

Year Ended June 30, 2022

Grade Level	Annual Minutes Requirement	Actual Minutes Offered	J-13A Minutes	Total Minutes	Number of Actual Days Offered (Traditional)	J-13A Days	Total Instructional Days	Status
7th Grade	54,000	60,640	0	60,640	180	0	180	Complied
8th Grade	54,000	60,640	0	60,640	180	0	180	Complied
9th Grade	64,800	66,132	0	66,132	180	0	180	Complied
10th Grade	64,800	66,132	0	66,132	180	0	180	Complied
11th Grade	64,800	66,132	0	66,132	180	0	180	Complied
12th Grade	64,800	66,132	0	66,132	180	0	180	Complied

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

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

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

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

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

San Dieguito Union High School District

Schedule of Financial Trends and Analysis

Year Ended June 30, 2022

General Fund	Budget 2023 (See Note 1)	2022	2021	2020
Revenues and Other Financing Sources	\$ 171,500,788	\$ 174,770,715	\$ 179,153,060	\$ 151,593,454
Expenditures and Other Financing Uses	177,756,617	171,403,576	163,603,326	152,167,318
Net Change in Fund Balance	(6,255,829)	3,367,139	15,549,734	(573,864)
Ending Fund Balance	<u>\$ 30,299,569</u>	<u>\$ 36,555,398</u>	<u>\$ 33,188,259</u>	<u>\$ 17,638,525</u>
Available Reserves (See Note 2)	<u>\$ 20,241,049</u>	<u>\$ 24,504,779</u>	<u>\$ 28,801,386</u>	<u>\$ 12,655,907</u>
Available Reserves as a Percentage of Total Outgo (See Note 3)	<u>11.39%</u>	<u>14.30%</u>	<u>17.60%</u>	<u>8.32%</u>
Long Term Debt	<u>\$ 537,744,980</u>	<u>\$ 549,870,762</u>	<u>\$ 560,143,309</u>	<u>\$ 476,133,627</u>
Average Daily Attendance at P2	<u>12,006</u>	<u>12,022</u>	<u>N/A</u>	<u>12,684</u>

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

The general fund balance has increased by \$18,916,873 over the past two years. The fiscal year 2022-23 budget projects a decrease of \$6,255,829. For a district of this size, the State recommends available reserves of 3% of total general fund expenditures and other financing uses (total outgo).

Total long-term debt has increased by \$73,737,135 over the past two years.

ADA has decreased by 662 as compared to 2019-20. As a result of the COVID-19 pandemic there was no attendance reporting for the 2020-21 fiscal year. Each LEA was funded based on the 2019-20 average daily attendance (ADA) reported.

Notes:

1. Budget 2023 is included for analytical purposes only and has not been subjected to audit.
2. Available reserves consist of all unassigned fund balances and all balances committed to reserves contained within the general fund.
3. GASB Statement No. 54 requires the inclusion of the Special Reserve Fund for Other Than Capital Outlay (Fund 17) and the Pupil Transportation Equipment Fund (Fund 15) with the General Fund for reporting purposes only. This schedule has been prepared without the inclusion of Fund 15 and Fund 17.

San Dieguito Union High School District

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements Year Ended June 30, 2022

	General Fund (Fund 01)	Pupil Transportation Equipment Fund (Fund 15)	Capital Projects Fund for Blended Component Units (Fund 49)
June 30, 2022, annual financial and budget report fund balances	\$ 36,555,398	\$ 49,405	\$ 28,917,040
Adjustments and reclassifications:			
Increasing (decreasing) the fund balance:			
Understatement of Cash	-	-	2,676,346
GASB 54 Fund Presentation	49,405	(49,405)	-
Net adjustments and reclassifications	49,405	(49,405)	2,676,346
June 30, 2022, audited financial statement fund balances	\$ 36,604,803	\$ -	\$ 31,593,386

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

San Dieguito Union High School District

Schedule of Charter Schools

Year Ended June 30, 2022

The San Dieguito Union High School District has not authorized any charter schools.

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

San Dieguito Union High School District

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Subrecipient Expenditures	Total Federal Expenditures
CHILD NUTRITION CLUSTER:				
<u>U.S. Department of Agriculture</u>				
Passed through California Department of Education				
Food Service Program	10.559	13006	\$ -	\$ 4,164,818
Food Service Program - Noncash Commodities	10.559	13396	-	104,598
SNP Covid -19 Emergency Operational Costs	10.555	15637	-	34,761
Supply Chain Assistance (SCA) Funds	10.555	15655	-	300,186
Pandemic Electronic Benefit Transfer	10.555	15644	-	5,814
Total Child Nutrition Cluster			-	4,610,177
SPECIAL EDUCATION (IDEA) CLUSTER:				
<u>U.S. Department of Education</u>				
Passed through California Department of Education				
IDEA Basic Local Assistance	84.027	13379	-	1,767,276
IDEA Local Assistance - Private Schools	84.027	10115	-	202,218
IDEA Local Assistance, Private School ISPs	84.027	10169	-	42,993
IDEA Assistance Entitlement	84.027	15638	-	375,737
IDEA Mental Health	84.027	15197	-	148,311
Total Special Education (IDEA) Cluster			-	2,536,535
OTHER PROGRAMS:				
<u>U.S. Department of Education</u>				
Passed through California Department of Education				
Title I	84.010	14329	-	575,263
ESSA School Improvement	84.010	15438	-	184,224
Carl Perkins Vocational Education	84.048	14894	-	124,431
Workability II Transition Partnership	84.126	10006	-	226,731
Title III English Learner Program	84.365	14346	-	77,609
Title II Supporting Effective Instruction	84.367	14341	-	208,033
Title IV Student Support Academic Enrichment	84.424	15396	-	59,761
American Rescue Plan - Homeless Children & Youth	84.425	15566	-	1,000
ESSER II State Reserve	84.425	15618	-	1,241,303
GEER II	84.425	15919	-	284,890
ESSER III State Reserve Emergency Needs	84.425	15620	-	809,185
ESSER III State Reserve Learning Loss	84.425	15621	-	1,394,896
ESSER	84.425D	15536	-	50
ESSER III	84.425D	15559	-	479,322
Total Other Programs			-	5,666,698
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 12,813,410

See accompanying notes to schedule of expenditures of federal awards.

San Dieguito Union High School District

Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Basis of Presentation

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

Summary of Significant Accounting Policies

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

Indirect Cost Rate

Indirect costs were calculated in accordance with 2 CFR §200.412 *Direct and Indirect Costs*. The District used an indirect cost rate of 6.87% 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>
Child Nutrition Cluster	10.559	5.48%
Carl Perkins Vocational Education	84.048	5.00%

Schoolwide Program

The District does not operate a schoolwide program at any site.

Personal Protective Equipment (PPE) (Unaudited)

As a result of the COVID-19 Pandemic the District received personal protective equipment (PPE) valued at \$40,813 from the federal government.

San Dieguito Union High School District

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Reconciliation of Revenues

The District has received a federal interest subsidy under the Build America Bonds Program through the Department of the Treasury. The Build America Bonds Program is reported consistent with the requirements of the program and is not included on the schedule of expenditures of federal awards.

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

Total Federal Revenues on Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 13,497,300
Less: Amounts representing QSCB Interest Subsidy federal funds	<u>(683,890)</u>
Total Federal Expenditures on Schedule of Expenditures of Federal Awards	<u><u>\$ 12,813,410</u></u>

Other Independent Auditors' Reports

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

To the Board of Education
San Dieguito Union High School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining funds, and the discretely presented component units of San Dieguito Union High School District (District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise San Dieguito Union High School District's basic financial statements, and have issued our report thereon dated March 31, 2023. We issued a disclaimer of opinion on the discretely presented component units because we did not perform an audit for those funds that are presented in the audit. We issued an unmodified opinion on the governmental activities, each major fund, and the aggregate remaining fund information for the District.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

San Dieguito Union High School District's Response to the Finding

San Dieguito Union High School District's response to the finding identified in our audit is described in the accompanying corrective action plan. San Dieguito Union High School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



El Cajon, California
March 31, 2023

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

To the Board of Education
San Dieguito Union High School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *US Code of Federal Regulations Part 200, Uniform Administrative requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Wilkinson-Hadley King & Co LLP

El Cajon, California

March 31, 2023

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

To the Board of Education
San Dieguito Union High School District

Report on Compliance for Applicable State Programs

Opinion on Each Applicable State Program

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

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

Basis for Opinion on Each Applicable State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 (the Audit Guide). Our responsibilities under those standards and the Audit Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

<u>Local Education Agencies Other than Charter Schools</u>		<u>Procedures Performed</u>
A.	Attendance.....	Yes
B.	Teacher Certification and Misassignments.....	Yes
C.	Kindergarten Continuance.....	N/A
D.	Independent Study.....	No
E.	Continuation Education.....	No
F.	Instructional Time.....	Yes
G.	Instructional Materials.....	Yes
H.	Ratio of Administrative Employees to Teachers.....	Yes
I.	Classroom Teacher Salaries.....	Yes
J.	Early Retirement Incentive.....	N/A
K.	Gann Limit Calculation.....	Yes
L.	School Accountability Report Card.....	Yes
M.	Juvenile Court Schools.....	N/A
N.	Middle or Early College High Schools.....	N/A
O.	K-3 Grade Span Adjustment.....	N/A
P.	Transportation Maintenance of Effort.....	Yes
Q.	Apprenticeship: Related and Supplemental Instruction.....	N/A
R.	Comprehensive School Safety Plan.....	Yes
S.	District of Choice.....	N/A

<u>School Districts, County Offices of Education, and Charter Schools</u>		Procedures Performed
T.	California Clean Energy Jobs Act.....	N/A
U.	After/Before School Education and Safety Program.....	N/A
V.	Proper Expenditure of Education Protection Account Funds.....	Yes
W.	Unduplicated Local Control Funding Formula Pupil Counts.....	Yes
X.	Local Control and Accountability Plan.....	Yes
Y.	Independent Study - Course Based.....	N/A
Z.	Immunizations.....	No
AZ.	Educator Effectiveness.....	Yes
BZ.	Expanded Learning Opportunities Grant (ELO-G).....	Yes
CZ.	Career Technical Education Incentive Grant.....	Yes
DZ.	In Person Instruction Grant.....	Yes

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

We did not perform the procedures for Continuation Education because the ADA generated by the program was below the level which required testing.

We did not perform the procedures for Independent Study because the ADA generated by the program was below the level which required testing.

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Audit Guide and which are described in the accompanying schedule of findings and questioned costs as items 2022-002 and 2022-003. Our opinion on each applicable state program is not modified with respect to these matters.

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

Report on Internal Control over State Compliance

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

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

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

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

Wilkinson Hadley King & Co LLP

El Cajon, California

March 31, 2023

Auditor's Results, Findings & Recommendations

San Dieguito Union High School District

Schedule of Auditor's Results

Year Ended June 30, 2022

FINANCIAL STATEMENTS

Type of auditor's report issued:

Governmental Activities	<u>Unmodified</u>
Aggregate Discretely Presented Component Units	<u>Disclaimed</u>
General Fund	<u>Unmodified</u>
Building Fund	<u>Unmodified</u>
Special Reserve Fund for Capital Outlay Projects	<u>Unmodified</u>
Capital Projects Fund for Blended Component Units	<u>Unmodified</u>
Self-Insurance Fund	<u>Unmodified</u>
Aggregate Remaining Fund Information	<u>Unmodified</u>

Internal control over financial reporting:

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

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

Noncompliance material to financial statements noted? Yes X No

FEDERAL AWARDS

Internal control over major programs:

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

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

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

Compliance supplement utilized for single audit July 2022

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I
84.010	ESSA School Improvement
84.367	Title II Supporting Effective Instruction
84.425	American Rescue Plan - Homeless Children & Youth
84.425	ESSER II State Reserve
84.425	GEER II
84.425	ESSER III State Reserve Emergency Needs
84.425	ESSER III State Reserve Learning Loss
84.425D	ESSER
84.425D	ESSER III

San Dieguito Union High School District

Schedule of Auditor's Results, Continued

Year Ended June 30, 2022

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

\$750,000

Auditee qualified as low-risk auditee?

X Yes No

STATE AWARDS

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

Unmodified

Internal control over applicable state programs:

One or more material weakness(es) identified?

Yes X No

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

Yes X No

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

X Yes No

San Dieguito Union High School District

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), or the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Finding codes as identified in the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are as follows:

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

A. Financial Statement Findings

Finding Number: 2022-001
 Repeat Finding: Yes
 Description: Vacation Accrual
 Type of Finding: Internal Control – Significant Deficiency (30000)

Criteria or Specific Requirement

Determine that the District’s vacation accrual liability at year end is clerically accurate and all employee’s vacation carryover is within the maximum allowed per District policy.

Condition

In our testing and review of the District's vacation accrual balance at year end, we noted that 29 employees out of the total population of 429 employees listed had vacation days carried over that exceeded the maximum allowed by District policy. The employees with balances in excess of allowable carryover make up 40% of the total liability.

Cause

While District management has been working towards a reduction in vacation balances, they have not been able to reduce over accrued balances for these 29 employees to be consistent with bargained carryover policies.

San Dieguito Union High School District

Schedule of Findings and Questioned Costs, Continued

Year Ended June 30, 2022

Effect

A considerable amount of vacation liability is attributed to the 29 employees in excess of allowable carryovers. The liability could impact cash flow.

Context

Employees should accrue vacation only up to the maximum allowed by District policy and management should monitor all employees carryover to ensure no individuals exceed the maximum allowed. Allowable carryover is bargained and agreed upon by bargaining units.

Recommendation

Implement procedures that will require all employees to utilize excess vacation time in order to reduce the excess liability to the District. Monitor the vacation carryover for all employees in conjunction with District policy to ensure no employees exceed the maximum carryover of vacation days allowed. Determine the best method to limit the amount of vacation time accrued annually and establish a plan to reduce the vacation accrual liability in future.

Views of Responsible Officials

See Corrective Action Plan

B. Federal Awards

None

C. State Award Findings

Finding Number:	2022-002
Repeat Finding:	No
Questioned Costs:	None
Description:	Instructional Materials
Type of Finding:	Instructional Materials (70000)

Criteria or Specific Requirement

Education Code §60119 requires that the governing board of a school district shall hold a public hearing or hearings to make a determination, through a resolution, as to whether each pupil in each school in the school district has sufficient textbooks or instructional materials, or both, that are aligned to the content standards adopted by the state board in mathematics, science, history-social science, and English language arts (including the English language development component of an adopted program). The governing board shall provide a 10-day notice of the public hearing or hearings and the notice shall contain the time, place, and purpose of the hearing and shall be posted in three public places in the school district. In addition, the public hearing must be held at a time that encourages the participation of parents/guardians and teachers.

San Dieguito Union High School District

Schedule of Findings and Questioned Costs, Continued

Year Ended June 30, 2022

Condition

During our review of the public hearing to determine the sufficiency of instructional materials we noted the following:

1. The Notice of Public Hearing was only posted in one location, on the District's website.
2. The Notice of Public Hearing notated that it was a virtual meeting; however, there was no information on the notice as to how the meeting could be accessed virtually.
3. The public hearing was held during the school day, at 11 AM, which meant that teachers and working parents could not participate in the hearing.

Cause

The original board meeting which had the public hearing for sufficiency of instructional materials was rescheduled and the requirements of the public hearing were not prioritized in the rescheduling of the meeting.

Effect

Individuals seeing the notice of public hearing did not have sufficient information to attend the hearing. In addition, teachers and working parents would not have been able to participate in the meeting. This could result in an incorrect determination of sufficiency when participants having first-hand knowledge are excluded from participation.

Fiscal Impact

None

Context

The governing board holds a public hearing annually at a regular board meeting to determine sufficiency of textbooks and instructional materials within the first eight weeks of school. It is the intent of the governing board to encourage participation by parents, teachers and members of the community.

Recommendation

Implement review procedures over public hearing notices to ensure information provided on the notice is accurate. Establish procedures to ensure public hearings are held at a time that encourages the participation of parents/guardians, teachers, and members of the public.

Views of Responsible Officials

See Corrective Action Plan

San Dieguito Union High School District

Schedule of Findings and Questioned Costs, Continued

Year Ended June 30, 2022

Finding Number: 2022-003
Repeat Finding: No
Questioned Costs: None
Description: Comprehensive School Safety Plan
Type of Finding: State Compliance (40000)

Criteria or Specific Requirement

Education Code §32286 requires each school to review, update, and approve its comprehensive school safety plan annually by March 1st.

Condition

In our review of the comprehensive school safety plans for a sample of schools within the District, we noted that the plan for La Costa Canyon High School was updated and approved on May 17, 2022.

Cause

The District did not have an established timeline in place to ensure the annual review and update for the comprehensive school safety plan which was to be completed by March 1st.

Effect

The District is out of compliance with Education Code §32286.

Fiscal Impact

None

Context

Education Code §32286 established the requirement to adopt a comprehensive school safety plan by March 1, 2000 and a requirement to review and update annually by March 1st since that date. Governor Newsom asked that the audit guide require auditors to verify whether the comprehensive school safety plan has been reviewed and updated by the March 1st deadline in order to determine how many District's are complying with the requirements set forth. This is an informational finding that carries no fiscal impact to the District.

Recommendation

Establish a timeline that ensures the comprehensive school safety plan is reviewed, updated, and approved by March 1st annually.

Views of Responsible Officials

See Corrective Action Plan



Board of Trustees

Michael Allman
Phan Anderson
Jane Lea Smith
Rimga Viskanta
Katrina Young

Interim Superintendent

Tina Douglas

710 Encinitas Boulevard, Encinitas, CA 92024
Telephone (760) 753-6491
www.sduhsd.net

March 31, 2023

To Whom it May Concern:

The accompanying Corrective Action Plan has been prepared as required by the 2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting published by the Education Audit appeals Panel. The name of the contact person responsible for corrective action, the planned corrective action, and the anticipated completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

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

Sincerely,

A handwritten signature in blue ink that reads "Tina Douglas". The signature is fluid and cursive.

Tina Douglas
Interim Superintendent

San Dieguito Union High School District

Corrective Action Plan
Year Ended June 30, 2022

Financial Statement Findings

Finding Number: 2022-001
Program Name: Vacation Accrual
Contact Person: Mary Anne Nuskin, Associate Superintendent, Human Resources
Anticipated Completion Date: June 30, 2023

Planned Corrective Action: The District has been working diligently over the last two fiscal year to reduce the excess vacation balances. The District notifies all managers of the staff members' excess vacation and has shared a Google Document that is updated regularly to reflect vacation use. The managers have worked with employees that have excess vacation in developing a plan for using the excess days prior to August 31, 2023. In some instances, it has been extremely hard to allow employees to take the excess vacation, as we are short staffed in the Transportation and Maintenance and Operations departments. The District has a plan in place that will reduce the vacation liability even further by August 30, 2023. In addition, we are working on a process that will ensure employees do not exceed the maximum carryover of vacation days allowed.

San Dieguito Union High School District

Corrective Action Plan, Continued

Year Ended June 30, 2022

State Compliance Findings

Finding Number: 2022-002
Program Name: Instructional Materials
Contact Person: Bryan Marcus, Associate Superintendent, Educational Services
Anticipated Completion Date: April 30, 2023

Planned Corrective Action: The District will review all public hearing notices to ensure the information on the notice is complete and accurate and the timing of the public hearing allows for community participation.

Finding Number: 2022-003
Program Name: Comprehensive School Safety Plan
Contact Person: Tina Douglas, Associate Superintendent, Business Services
Anticipated Completion Date: April 30, 2023

Planned Corrective Action: The District will develop a timeline that will be shared annually in our District Safety Committee Meeting. We will establish a review of submissions in January so we can ensure all schools meet the March 1st timeline.

San Dieguito Union High School District

Schedule of Prior Year Audit Findings

Year Ended June 30, 2022

<u>Finding/Recommendation</u>	<u>Status</u>	<u>Explanation if Not Implemented</u>
<p>Finding 2021-001 Vacation Accrual</p> <p><u>Condition</u> In our testing and review of the District's vacation accrual balance at year end, we noted that 78 employees out of the total population of 429 employees listed had vacation days carried over that exceeded the maximum allowed by District policy. In addition, the District's ending vacation liability balance increased an additional \$497,120 over the prior year as employees are not utilizing enough vacation hours during each fiscal year and their accrued hours are in excess of the maximum amount of hours allowed to be carried over per District policy.</p> <p><u>Recommendation</u> Implement procedures that will require all employees to utilize excess vacation time in order to reduce the excess liability to the District. Monitor the vacation carryover for all employees in conjunction with District policy to ensure no employees exceed the maximum carryover of vacation days allowed. Determine the best method to limit the amount of vacation time accrued annually and establish a plan to reduce the vacation accrual liability in future periods and during the current corona virus pandemic.</p>	Being Implemented	See Current Finding 2022-001.