



San Dieguito Union High School District

County of San Diego
Encinitas, California

Audit Report

June 30, 2021



WILKINSON HADLEY
KING & CO. LLP
CPAs AND ADVISORS



San Dieguito Union High School District

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June 30, 2021

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Independent Auditor's Report

To the Board of Education
San Dieguito Union High School District
Encinitas, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Basis for Disclaimer of Opinion on Aggregate Discretely Presented Component Units

The financial statements for 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 of these component units as part of our audit of the San Dieguito Union High School District. The financial statements of these foundations are included in the District's basic financial statements as discretely presented component units and represented 100% of the assets, net position, and revenues, of the District's aggregate discretely presented component units.

Disclaimer of Opinion on Aggregate Discretely Presented Component Units

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion on the Aggregate Discretely Presented Component Units" paragraph, 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 San Dieguito Union High School District. Accordingly, we do not express an opinion on these financial statements.

Unmodified Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

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

Wilkinson Hadley King & Co LLP

El Cajon, California
January 31, 2022

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2021
(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, 2021. 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 2021 are as follows:

- Total governmental fund net position is (\$66,536,661), after the total net pension liability of \$156,199,606
- The statewide average for the cost of living adjustment was 2.31%

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 \$66.5 million at the close of the most recent fiscal year, after the net pension liability of \$156.2 million and total OPEB liability of \$32.7 million.

SAN DIEGUITO UNION HIGH SCHOOL DISTRICT 2020-21 NET POSITION (In Millions of Dollars)

	Governmental Activities		2020-21 % of Total	Total % Change over 19-20
	2019-20	2020-21		
Current and Other Assets	117.3	214.1	32%	82.5%
Capital Assets	460.5	449.0	68%	-2.5%
Total Assets	\$ 577.8	\$ 663.1		14.8%
Deferred Outflows of Resources	55.5	55.5	7%	
Long Term Debt Outstanding	666.2	750.0	98%	12.6%
Other Liabilities	14.1	15.5	2%	9.9%
Total Liabilities	\$ 680.3	\$ 765.5		12.5%
Deferred Inflows of Resources	15.8	19.8	3%	
<u>Net Position</u>				
Net Investment in Capital Assets	3.5	22.9	-34%	554.3%
Restricted	88.5	157	-13%	-53.2%
Unrestricted	(154.7)	(246.4)	371%	59.3%
Total Net Position	\$ (62.7)	\$ (66.5)		6.1%

Governmental activities. The key elements of the District's net position for the year ended June 30, 2021 are as follows:

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

	Governmental Activities		% of Total	% change
<u>Revenues</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2020-2021</u>	<u>over 19-20</u>
Program revenues				
Charges for services	2,782,637	1,492,873	0.73%	-46.4%
Operating grants and contributions	15,557,919	37,041,003	18.10%	138.1%
Capital grants and contributions	15,643,201	4,087,742	2.00%	-73.9%
General revenues				
Property taxes	142,842,164	149,816,390	73.21%	4.9%
Federal and state aid not restricted to specific purposes	6,938,471	6,505,045	3.18%	-6.2%
Interest and investment earnings	2,279,013	2,148,021	1.05%	-5.7%
Interagency revenues	43,662	67,123	0.03%	53.7%
Miscellaneous	3,443,269	3,478,600	1.70%	1.0%
Total revenues	<u>\$ 189,530,336</u>	<u>\$ 204,636,797</u>	<u>100.00%</u>	<u>8.0%</u>
<u>Expenditures by Function</u>				
Governmental activities				
Instruction	93,775,960	105,644,943	50.21%	12.7%
Instruction-related services	16,435,609	17,158,609	8.16%	4.4%
Pupil Services	17,694,047	17,568,759	8.35%	-0.7%
General Administration	8,944,507	35,179,714	16.72%	293.3%
Plant Services	38,044,660	15,703,609	7.46%	-58.7%
Ancillary Services	2,848,164	3,184,253	1.51%	11.8%
Enterprise Activities	899,589	43,080	0.02%	-95.2%
Interest on long-term debt	15,038,170	15,227,469	7.24%	1.3%
Other outgo	694,571	680,076	0.32%	-2.1%
Depreciation (unallocated)	-	-	-	-
	<u>\$ 194,375,277</u>	<u>\$ 210,390,512</u>	<u>100.00%</u>	<u>8.2%</u>
Increase (decrease) in net position	<u>\$ (4,844,941)</u>	<u>\$ (5,753,715)</u>		
Net position - beginning (restated due to adjustments in reclass of student body funds under GASB 84 - Note U)	<u>\$ (57,883,460)</u>	<u>\$ (60,782,946)</u>		
Net position - ending	<u><u>\$ (62,728,401)</u></u>	<u><u>\$ (66,536,661)</u></u>		

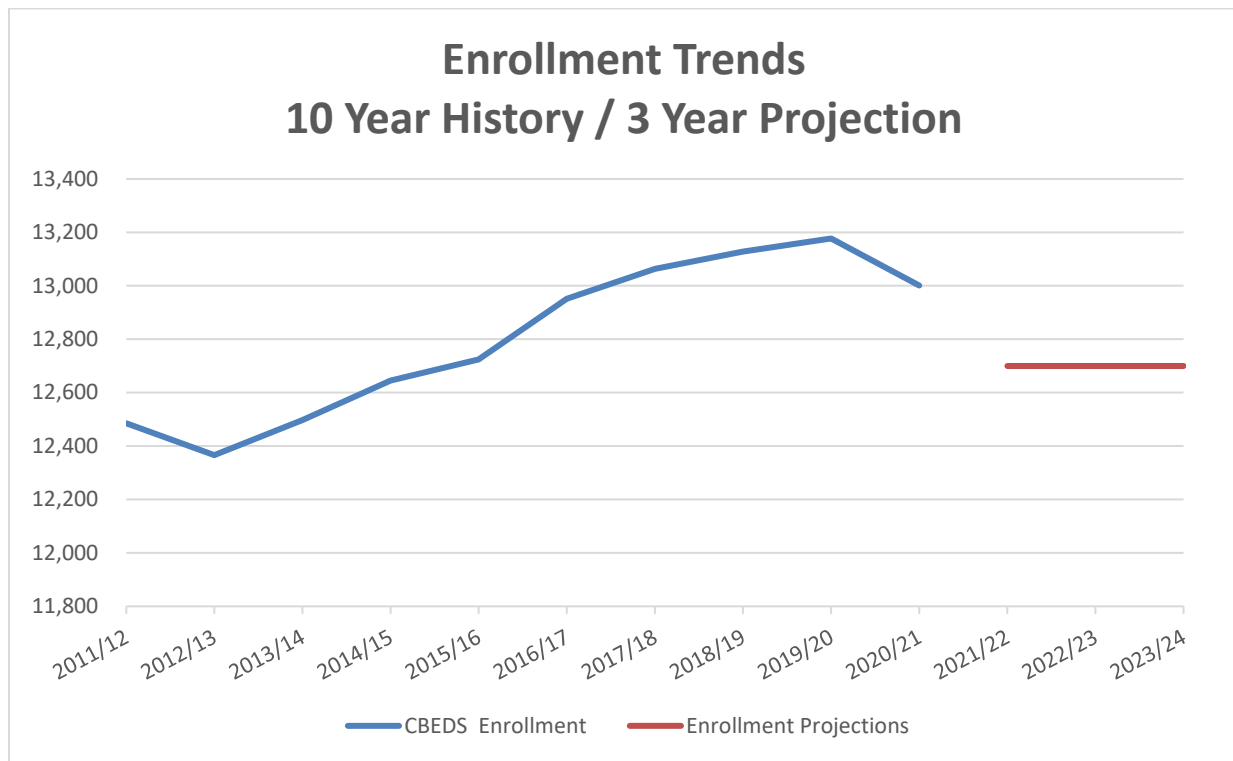
- The District was classified as a “Basic Aid” district in 2020-21. This was a result of our local property taxes exceeding the Local Control Funding Formula (LCFF) entitlement provided by the state.

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		12,684
2021/22*		12,700	
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 \$204.3 million; an increase of \$93.4 million over the previous year. The general fund had a fund balance increase of approximately \$9.3 million. In addition, the following expenditures should be noted:

- General fund salaries totaled \$97.7 million while the associated employee benefits of retirement, social security, medicare, insurance (medical, dental, life, and accident), workers' compensation, and unemployment added \$37.1 million to arrive at 82% 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 \$33.3 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 intends to maintain an additional target reserve of 4.5% above the minimum requirement. As of June 2021, the \$33.3 million held in reserve meets the combined 7.5% requirement. 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 \$150,477, increasing the total reserve for revolving funds to \$175,477.

Non-Spendable Reserve for Prepaid Items. The total for prepaid items as of June 30, 2021 was \$4,861.

General Fund Budgetary Highlights

During the year, the Board revised the District's budget. Budget amendments were to reflect changes in programs and related funding. The most significant differences may be summarized as follows:

- The difference between the final budget and the actual expenditures was a decrease of \$3.4 million or 2.04% in total general fund expenditures. This decrease was in several categories, but most of the decrease was in books and supplies, capital outlay and indirect costs due to one-time funding and restricted categorical funds being carried over.
- During the year, actual revenue received exceeded final budgetary estimates by \$13.3 million, or 8.35%, to account for increases in one-time state and federal revenues as well as local donations.
- Variances primarily result from expenditure-driven federal and state grants that are included in the budgets at their full amounts. Such grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met; unspent grant amounts are carried forward and included in the succeeding year's budget. Therefore, actual grant revenues and expenditures are normally less than the final budget amounts.

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 in 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 2020-21, the State provided School Facilities Fund project reimbursement of \$4,086,305 on the reconstruction of the Earl Warren Middle School campus.

Some of the district-completed capital projects in 2020-2021 include the following: Reconstruction of the Requeza Educational Center (home of Sunset High School and COAST Academy), La Costa Canyon High School Maverick Park, along with modernization of the school site's Culinary Arts classroom and new outdoor garden learning lab, modernization of the restrooms at the Earl Warren Shared Use Library (Solana Beach Library), and installation of security cameras at Canyon Crest Academy and La Costa Canyon High School. Capital funds were used for many other projects throughout the district, to be completed in 2021-2022 or subsequent years.

Capital assets at June 30, 2020 and 2021 are outlined below:

	June 30, 2020	June 30, 2021	Total Change
Land	\$ 66,592,151	\$ 66,592,151	\$ -
Improvement of Sites	79,238,888	80,518,015	1,279,127
Buildings	448,723,713	483,643,542	34,919,829
Equipment	30,244,086	33,557,431	3,313,345
Work in Progress	29,642,172	6,054,438	(23,587,734)
Accumulated depreciation	(193,879,108)	(221,322,903)	(27,443,795)
Total Capital Assets	<u>\$ 460,561,902</u>	<u>\$ 449,042,674</u>	<u>\$ (11,519,228)</u>

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 \$82.55 million (including Premium and Discount) 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 \$100.1 million in outstanding special tax revenue bonds, as of June 30, 2021.

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 District currently has \$443.9 million outstanding in general obligation bonds, as of June 30, 2021.

Long-Term Liabilities at June 30, 2020 and 2021 are outlined below:

	June 30, 2020	June 30, 2020	Total Change
General Obligation Bonds	\$ 356,412,215	\$ 443,876,330	\$ 87,464,115
State School Building Loans	256,936	0	(256,936)
Capital Leases	593,613	729,904	136,291
Lease Revenue Bonds	12,566,028	12,593,357	27,329
Other General Long-Term Debt	103,999,771	100,779,924	(3,219,847)
Net Pension Liability	157,414,325	156,199,606	(1,214,719)
Total OPEB Liability	32,695,587	32,982,190	286,603
Compensated Absences	2,305,064	2,802,184	497,120
Total Long-Term Liabilities	<u>\$ 666,243,539</u>	<u>\$ 749,963,495</u>	<u>\$ 83,719,956</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. 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 pandemic impact, 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, 2021

	Governmental Activities	Component Units (Unaudited)
Assets		
Cash	\$ 200,983,993	\$ 2,804,789
Investments	-	1,933,585
Accounts Receivable	13,119,916	5,425
Inventory	37,429	-
Prepaid Expenses	4,861	33,208
Capital Assets:		
Land	66,592,151	-
Land Improvements	80,518,015	-
Buildings & Improvements	483,643,542	-
Equipment	33,557,431	5,963
Work in Progress	6,054,438	-
Less Accumulated Depreciation	(221,322,903)	(5,963)
Total Assets	<u>663,188,873</u>	<u>4,777,007</u>
Deferred Outflows of Resources	<u>55,556,130</u>	<u>-</u>
Liabilities		
Accounts Payable and Other Current Liabilities	13,747,859	227,323
Unearned Revenue	1,756,705	203,585
Long-Term Liabilities:		
Due Within One Year	13,767,263	-
Due In More Than One Year	736,196,232	29,603
Total Liabilities	<u>765,468,059</u>	<u>460,511</u>
Deferred Inflows of Resources	<u>19,813,605</u>	<u>-</u>
Net Position		
Net Investment in Capital Assets	22,877,041	-
Restricted For:		
Capital Projects	133,083,524	-
Debt Service	17,850,764	-
Educational Programs	4,206,535	-
Other Purposes (Expendable)	1,684,317	2,016,380
Other Purposes (Nonexpendable)	217,767	26,198
Unrestricted	(246,456,609)	2,273,918
Total Net Position	<u>\$ (66,536,661)</u>	<u>\$ 4,316,496</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, 2021

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	\$ 105,644,943	\$ 302,221	\$ 29,004,193	\$ 4,087,742	\$ (72,250,787)	
Instruction-Related Services:						
Instructional Supervision and Administration	5,042,596	1,140	1,618,387	-	(3,423,069)	
Instructional Library, Media and Technology	1,132,816	-	11,336	-	(1,121,480)	
School Site Administration	10,983,197	-	1,268,008	-	(9,715,189)	
Pupil Services:						
Home-to-School Transportation	3,668,064	-	846	-	(3,667,218)	
Food Services	2,043,569	27,129	1,571,162	-	(445,278)	
All Other Pupil Services	11,857,126	4,324	1,846,975	-	(10,005,827)	
General Administration:						
Centralized Data Processing	26,117,048	-	94,166	-	(26,022,882)	
All Other General Administration	9,062,666	28,830	714,327	-	(8,319,509)	
Plant Services	15,703,609	329,698	563,284	-	(14,810,627)	
Ancillary Services	3,184,253	469,838	91,054	-	(2,623,361)	
Enterprise Activities	43,080	-	-	-	(43,080)	
Interest on Long-Term Debt	14,444,746	-	-	-	(14,444,746)	
Debt Issuance Costs	782,723	-	-	-	(782,723)	
Transfers Between Agencies	680,076	329,693	257,265	-	(93,118)	
Total Governmental Activities	<u>\$ 210,390,512</u>	<u>\$ 1,492,873</u>	<u>\$ 37,041,003</u>	<u>\$ 4,087,742</u>	<u>(167,768,894)</u>	
Component Units						
Pupil Services	\$ 1,939,345	\$ -	\$ -	\$ -		\$ (1,939,345)
General Administration	872,418	-	-	-		(872,418)
Total Component Units	<u>\$ 2,811,763</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ (2,811,763)</u>
General Revenues						
Taxes and Subventions:						
Property Taxes, Levied for General Purposes				\$ 123,009,352	\$ -	
Property Taxes, Levied for Debt Service				17,956,942	-	
Property Taxes, Levied for Other Specific Purposes				8,850,096	-	
Federal and State Aid Not Restricted for Specific Purposes				6,505,045	-	
Interest and Investment Earnings				2,148,021	77,869	
Interagency Revenues				67,123	-	
Miscellaneous				3,478,600	2,772,290	
Total General Revenues				<u>162,015,179</u>	<u>2,850,159</u>	
Change in Net Position				(5,753,715)	38,396	
Net Position - Beginning of Year (As Restated - Note U)				<u>(60,782,946)</u>	<u>4,278,100</u>	
Net Position - Ending				<u>\$ (66,536,661)</u>	<u>\$ 4,316,496</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, 2021

	General Fund	Building Fund	Special Reserve Capital Outlay Fund	Capital Project Fund for Blended Component Units	Nonmajor Governmental Funds	Total
Assets						
Cash in County Treasury	\$ 26,211,030	\$ 91,636,048	\$ 20,464,067	\$ -	\$ 19,212,401	\$ 157,523,546
Cash on Hand and in Banks	-	-	-	9,631,327	1,641,990	11,273,317
Cash in Revolving Fund	175,477	-	-	-	-	175,477
Cash with Fiscal Agent/Trustee	-	-	-	30,489,350	-	30,489,350
Accounts Receivable	12,685,483	47,735	36,023	113,280	237,299	13,119,820
Due from Other Funds	2,098,781	-	2,723	-	-	2,101,504
Stores Inventories	-	-	-	-	37,429	37,429
Prepaid Expenditures	4,861	-	-	-	-	4,861
Total Assets	\$ 41,175,632	\$ 91,683,783	\$ 20,502,813	\$ 40,233,957	\$ 21,129,119	\$ 214,725,304
Liabilities and Fund Balance:						
Liabilities:						
Accounts Payable	\$ 5,747,899	\$ 40,585	\$ 2,155,463	\$ 60,443	\$ 46,496	\$ 8,050,886
Due to Other Funds	535,429	2,830	-	-	51,804	590,063
Unearned Revenue	1,568,038	-	-	-	188,667	1,756,705
Total Liabilities	<u>7,851,366</u>	<u>43,415</u>	<u>2,155,463</u>	<u>60,443</u>	<u>286,967</u>	<u>10,397,654</u>
Fund Balance:						
Nonspendable	180,338	-	-	-	37,429	217,767
Restricted	4,206,535	91,640,368	-	40,173,514	20,804,723	156,825,140
Assigned	556,331	-	18,347,350	-	-	18,903,681
Unassigned	<u>28,381,062</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,381,062</u>
Total Fund Balance	<u>33,324,266</u>	<u>91,640,368</u>	<u>18,347,350</u>	<u>40,173,514</u>	<u>20,842,152</u>	<u>204,327,650</u>
Total Liabilities and Fund Balances	\$ 41,175,632	\$ 91,683,783	\$ 20,502,813	\$ 40,233,957	\$ 21,129,119	\$ 214,725,304

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, 2021

Total fund balances governmental funds: \$ 204,327,650

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

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

Capital assets relating to governmental activities, at historical cost	670,365,577	
Accumulated depreciation	<u>(221,322,903)</u>	
Net		449,042,674

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 unmaturred interest owing at the end of the period was: (5,696,972)

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	443,876,330	
Capital leases payable	729,904	
Lease revenue bonds payable	12,593,357	
Special tax bonds payable	100,779,924	
Net pension liability	156,199,606	
Net OPEB liability	32,982,190	
Compensated absences	<u>2,802,184</u>	
Total		(749,963,495)

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: 20,071,500

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, 2021

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	33,280,654	
Deferred inflows of resources relating to pensions	<u>(14,336,369)</u>	
Net		18,944,285

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	2,203,976	
Deferred inflows of resources relating to OPEB	<u>(5,477,236)</u>	
Net		(3,273,260)

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:

10,957

Total net position governmental activities:

\$ (66,536,661)

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, 2021

	General Fund	Building Fund	Special Reserve Capital Outlay Fund	Capital Project Fund for Blended Component Units	Nonmajor Governmental Funds	Total
Revenues						
State Apportionment	\$ 353,318	\$ -	\$ -	\$ -	\$ -	\$ 353,318
Education Protection Account Funds	2,537,034	-	-	-	-	2,537,034
Property Taxes	123,003,812	-	-	8,748,593	17,890,888	149,643,293
Federal Revenue	14,613,577	-	-	-	543,963	15,157,540
Other State Revenue	21,284,698	15,493	-	-	4,211,022	25,511,213
Interest	620,761	136,194	180,974	16,103	117,680	1,071,712
Fair Market Value Adjustment	108,997	381,062	85,099	429,786	79,892	1,084,836
Other Local Revenue	9,619,226	15,710	979,611	1,685	1,556,130	12,172,362
Total Revenues	<u>\$ 172,141,423</u>	<u>\$ 548,459</u>	<u>\$ 1,245,684</u>	<u>\$ 9,196,167</u>	<u>\$ 24,399,575</u>	<u>\$ 207,531,308</u>
Expenditures						
Current Expenditures:						
Instruction	97,771,632	-	-	-	-	97,771,632
Instruction - Related Services	17,062,533	-	-	-	-	17,062,533
Pupil Services	16,643,275	-	-	-	701,657	17,344,932
Ancillary Services	2,338,844	-	-	-	837,178	3,176,022
General Administration	11,397,456	-	-	-	51,196	11,448,652
Plant Services	14,504,234	1,039,543	-	763,187	417,547	16,724,511
Transfers Between Agencies	680,076	-	-	-	-	680,076
Debt Issuance Costs	-	782,723	-	-	-	782,723
Capital Outlay	1,309,512	6,729,029	3,079,266	3,022,551	744,868	14,885,226
Debt Service:						
Principal	902,938	27,860,000	6,819	-	8,995,370	37,765,127
Interest	842,826	4,449,157	2,899	-	14,428,402	19,723,284
Total Expenditures	<u>163,453,326</u>	<u>40,860,452</u>	<u>3,088,984</u>	<u>3,785,738</u>	<u>26,176,218</u>	<u>237,364,718</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>8,688,097</u>	<u>(40,311,993)</u>	<u>(1,843,300)</u>	<u>5,410,429</u>	<u>(1,776,643)</u>	<u>(29,833,410)</u>
Other Financing Sources (Uses):						
Transfers In	7,014,589	-	4,086,305	-	7,396,135	18,497,029
Transfers Out	(6,399,000)	(765,589)	-	(7,296,135)	(4,086,305)	(18,547,029)
Proceeds from Sale of Bonds	-	117,560,000	-	-	-	117,560,000
Other Financing Sources	-	4,611,190	346,891	765,588	4,148,026	9,871,695
Other Financing Uses	-	(4,148,026)	-	-	-	(4,148,026)
Total Other Financing Sources (Uses)	<u>615,589</u>	<u>117,257,575</u>	<u>4,433,196</u>	<u>(6,530,547)</u>	<u>7,457,856</u>	<u>123,233,669</u>
Net Change in Fund Balance	9,303,686	76,945,582	2,589,896	(1,120,118)	5,681,213	93,400,259
Fund Balance, Beginning of Year	<u>24,020,580</u>	<u>14,694,786</u>	<u>15,757,454</u>	<u>41,293,632</u>	<u>15,160,939</u>	<u>110,927,391</u>
Fund Balance, End of Year	<u>\$ 33,324,266</u>	<u>\$ 91,640,368</u>	<u>\$ 18,347,350</u>	<u>\$ 40,173,514</u>	<u>\$ 20,842,152</u>	<u>\$ 204,327,650</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, 2021

Total change in fund balances, governmental funds: \$ 93,400,259

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

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

Expenditures for capital outlay	15,924,567	
Depreciation expense	<u>(27,443,795)</u>	
	Net	(11,519,228)

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: 37,765,126

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: (123,283,670)

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: 22,697

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: (497,120)

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: (4,248,832)

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, 2021

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: (2,655,709)

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: 5,255,842

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: 6,920

Change in net position of governmental activities: \$ (5,753,715)

San Dieguito Union High School District

Statement of Net Position – Internal Service Fund

June 30, 2021

	Internal Service Fund
	Self-Insurance Fund
Assets	
Cash in County Treasury	\$ 1,522,303
Accounts Receivable	96
Due from Other Funds	532,706
Total Assets	<u>2,055,105</u>
Liabilities	
Current Liabilities:	
Due to Other Funds	<u>2,044,147</u>
Total Current Liabilities	<u>2,044,147</u>
Net Position	
Unrestricted	<u>10,958</u>
Total Net Position	<u><u>\$ 10,958</u></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, 2021

	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	49,623
Total Operating Expenses	<u>49,623</u>
Operating Income (Loss)	<u>(49,623)</u>
Non-Operating Revenues/(Expenses)	
Fair Market Value Adjustment	6,330
Interest Income	213
Interfund Transfers In	50,000
Total Nonoperating Revenues/(Expenses)	<u>56,543</u>
Change in Net Position	6,920
Total Net Position - Beginning, As Restated (See Note U)	4,038
Total Net Position - Ending	<u>\$ 10,958</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, 2021

	Internal Service Fund Self-Insurance Fund
Cash Flows from Operating Activities:	
Cash Received from Interfund Services Provided	\$ 97,594
Cash Payments to Other Suppliers for Goods and Services	(49,623)
Net Cash Provided (Used) by Operating Activities	<u>47,971</u>
Cash Flows from Investing Activities	
Fair Market Value Adjustment	6,330
Cash Received from Interest Earned	5,541
Net Cash Provided (Used) by Investing Activities	<u>11,871</u>
Cash Flows from Non Capital Financing Activities	
Cash Received From Interfund Transfer	50,000
Net Cash Provided (Used) by Noncapital Financing Activities	<u>50,000</u>
Net Increase (Decrease) in Cash and Cash Equivalents	109,842
Cash and Cash Equivalents - Beginning of Year	1,412,461
Cash and Cash Equivalents - End of Year	<u><u>\$ 1,522,303</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ (49,623)
Other Adjustment to Beginning Net Position	(1,480,108)
Change in Assets and Liabilities:	
Decrease (Increase) in Operating Receivables	1,272
Decrease (Increase) in Due From Other Funds	(436,473)
Increase (Decrease) in Unearned Revenues	(5,244)
Increase (Decrease) in Due To Other Funds	2,018,147
Total Adjustments	97,594
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 47,971</u></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, 2021

(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 on Hand and in Banks	\$ 490,551	\$ 416,492	\$ 1,370,908	\$ 526,838	\$ 2,804,789
Investments	343,179	1,256,776	228,797	104,833	1,933,585
Accounts Receivable	-	-	5,425	-	5,425
Prepaid Expense and Other Assets	-	7,010	-	26,198	33,208
Total Current Assets	<u>833,730</u>	<u>1,680,278</u>	<u>1,605,130</u>	<u>657,869</u>	<u>4,777,007</u>
Capital Assets:					
Equipment	-	5,963	-	-	5,963
Accumulated Depreciation	-	(5,963)	-	-	(5,963)
Total Assets	<u>\$ 833,730</u>	<u>\$ 1,680,278</u>	<u>\$ 1,605,130</u>	<u>\$ 657,869</u>	<u>\$ 4,777,007</u>
Liabilities:					
Current Liabilities:					
Accounts Payable	\$ -	\$ 39,821	\$ 143,082	\$ -	\$ 182,903
Other Current Liabilities	-	44,420	-	-	44,420
Unearned Revenue	-	203,585	-	-	203,585
Total Current Liabilities	<u>-</u>	<u>287,826</u>	<u>143,082</u>	<u>-</u>	<u>430,908</u>
Noncurrent Liabilities:					
Long-Term Liabilities	<u>28,332</u>	<u>1,271</u>	<u>-</u>	<u>-</u>	<u>29,603</u>
Total Liabilities	<u>28,332</u>	<u>289,097</u>	<u>143,082</u>	<u>-</u>	<u>460,511</u>
Net Position:					
Restricted-Other Purposes (non-expendable)	-	-	-	26,198	26,198
Restricted-Other Purposes (expendable)	-	554,332	1,462,048	-	2,016,380
Unrestricted	<u>805,398</u>	<u>836,849</u>	<u>-</u>	<u>631,671</u>	<u>2,273,918</u>
Total Net Position	<u>\$ 805,398</u>	<u>\$ 1,391,181</u>	<u>\$ 1,462,048</u>	<u>\$ 657,869</u>	<u>\$ 4,316,496</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, 2021 (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:					
Miscellaneous	\$ 721,009	\$ 612,008	\$ 1,066,797	\$ 372,476	\$ 2,772,290
Interest	-	-	49,425	28,444	77,869
Total Revenues	<u>721,009</u>	<u>612,008</u>	<u>1,116,222</u>	<u>400,920</u>	<u>2,850,159</u>
Operating Expenditures:					
Support Services	166,973	327,208	300,917	77,320	872,418
Program Services	<u>397,024</u>	<u>518,562</u>	<u>770,301</u>	<u>253,458</u>	<u>1,939,345</u>
Total Expenses	<u>563,997</u>	<u>845,770</u>	<u>1,071,218</u>	<u>330,778</u>	<u>2,811,763</u>
Income (Loss) Before Contributions and Transfers	<u>157,012</u>	<u>(233,762)</u>	<u>45,004</u>	<u>70,142</u>	<u>38,396</u>
Change In Net Position	157,012	(233,762)	45,004	70,142	38,396
Total Net Position - Beginning	<u>648,386</u>	<u>1,624,943</u>	<u>1,417,044</u>	<u>587,727</u>	<u>4,278,100</u>
Total Net Position - Ending	<u>\$ 805,398</u>	<u>\$ 1,391,181</u>	<u>\$ 1,462,048</u>	<u>\$ 657,869</u>	<u>\$ 4,316,496</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, 2021

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 6-12 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 CFD as a blended component unit of the District. Therefore, the financial activities of the CFD have been included in the basic financial statements as a blended component unit.

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

a. Manifestations of Oversight

The governing body of the CFDs are substantively the same as the District's Board of 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, 2021

b. Accounting and Fiscal Matters

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

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

c. Scope of Public Service and Financial Presentation

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

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

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

The 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, 2021 on program services solely benefiting students at San Dieguito Academy was \$253,458.

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, 2021

Nature and Significance of Relationship

Certain organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the primary government, including their ongoing financial support of the primary government or its other component units. 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, 2021 on program services solely benefiting students at La Costa Canyon High School was \$397,024.

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, 2021

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, 2021 on program services solely benefiting students at Torrey Pines High School was \$770,301.

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, 2021 on program services solely benefiting students at Canyon Crest Academy was \$518,562.

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, 2021

Nature and Significance of Relationship

Certain organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the primary government, including their ongoing financial support of the primary government or its other component units. 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, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

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, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

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

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

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

Major Governmental Funds

The District reports the following major governmental funds:

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

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

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, 2021

Non-Major Governmental Funds

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

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

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, 2021

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

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

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

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, 2021

4. Basis of Accounting – Measurement Focus

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

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

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

5. Encumbrances

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

6. Budgets and Budgetary Accounting

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

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

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

7. Revenues and Expenses

a. Revenues – Exchange and Non-Exchange

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

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

b. Expenses/Expenditures

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

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

a. Deposits and Investments

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

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

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

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

b. Stores Inventories and Prepaid Expenditures

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

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

c. Capital Assets

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

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

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

d. Compensated Absences

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

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

e. Unearned Revenue

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

f. Interfund Activity

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

g. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

h. 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.

i. GASB 54 Fund Presentation

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

j. Deferred Inflows and Deferred Outflows of Resources

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

k. Pensions

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

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

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

1. 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, 2019
Measurement Date	June 30, 2020
Measurement Period	June 30, 2019 to June 30, 2020

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, 2021

12. New Accounting Pronouncements

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

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

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

- The OPEB Trust Fund was previously accounted for in the self-insurance fund. It was determined by the District, as a result of applying definitions in GASB Statement No 84, that the District does not retain control of the assets and it is therefore not considered a self-insured activity.
- Associated Student Body Funds were previously accounted for as fiduciary funds. It was determined by the District, as a result of applying definitions in GASB Statement No. 84, that the funds are governmental rather than fiduciary. The District established a special revenue fund to account for these activities.

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, 2021

B. Compliance and Accountability

1. Finance Related Legal and Contractual Provisions

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

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

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

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

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

C. Fair Value Measurements

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

		<u>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>
	<u>Amount</u>			
External investment pools measured at fair value				
San Diego County Treasury	<u>\$ 157,523,546</u>	<u>\$ -</u>	<u>\$ 157,523,546</u>	<u>\$ -</u>
Total investments by fair value level	<u>\$ 157,523,546</u>	<u>\$ -</u>	<u>\$ 157,523,546</u>	<u>\$ -</u>
Investments by fair value level				
First American Treasury Obligations	<u>\$ 1,184,287</u>	<u>\$ -</u>	<u>\$ 1,184,287</u>	<u>\$ -</u>
Money Market Funds	<u>29,305,063</u>	<u>29,305,063</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>\$ 30,489,350</u>	<u>\$ 29,305,063</u>	<u>\$ 1,184,287</u>	<u>\$ -</u>

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

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

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

Investments in treasury obligations 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, 2021 the District had the following cash and investments:

	General Fund	Building Fund	Special Reserve For Capital Outlay Fund	Capital Project Blended Component Unit Fund	Nonmajor Funds	Total
Cash In County Treasury	\$ 26,102,033	\$ 91,254,985	\$ 20,378,969	\$ -	\$ 19,132,507	\$ 156,868,494
Fair Market Value Adjustment	108,997	381,063	85,098	429,786	79,894	1,084,838
Cash In Banks and Revolving Fund	175,477	-	-	9,631,327	1,641,990	11,448,794
Cash With Fiscal Agent	-	-	-	30,059,564	-	30,059,564
Total Cash and Cash Equivalents	<u>\$ 26,386,507</u>	<u>\$ 91,636,048</u>	<u>\$ 20,464,067</u>	<u>\$ 40,120,677</u>	<u>\$ 20,854,391</u>	<u>\$ 199,461,690</u>

	Self Insurance Fund
Cash In County Treasury	\$ 1,515,972
Fair Market Value Adjustment	6,331
Total Cash and Cash Equivalents	<u>\$ 1,522,303</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 (\$156,868,494 as of June 30, 2021). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$157,523,546. 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 (\$11,273,317 as of June 30, 2021) and in revolving fund (\$175,477 as of June 30, 2021) 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, 2021

3. Cash with Fiscal Agents

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

Description	Maturity	Amount Reported	Fair Value
Money Market Funds	< 30 Days	\$ 29,305,063	\$ 29,305,063
First American Treasury Obligations	< 30 Days	1,184,287	1,184,287
Total Cash with Fiscal Agent		<u>\$ 30,489,350</u>	<u>\$ 30,489,350</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, 2021

5. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

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

<u>Investment Type</u>	<u>Rating</u>	<u>Rating Agency</u>	<u>Amount</u>
County Treasurer's Investment Pool	Unrated	Not Applicable	\$ 157,523,546
Money Market Funds	Unrated	Not Applicable	29,305,063
First American Treasury Bonds	Unrated	Not Applicable	1,184,287

b. Custodial Credit Risk

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

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

At June 30, 2021, the District's bank balances exceeded FDIC limitations by \$9,728,137 and as such were exposed to custodial credit risk. Cash with fiscal agent investment balances of \$30,059,564 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, 2021

c. Concentration of Credit Risk

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

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District maintains pooled investments with the San Diego County Treasury with a fair value of \$157,523,546. The average weighted maturity for this pool was 613 days at June 30, 2021.

e. Foreign Currency Risk

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

6. Investment Accounting Policy

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

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

June 30, 2021

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

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San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

F. Capital Assets

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

Governmental activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 66,592,151	\$ -	\$ -	\$ 66,592,151
Work in progress	29,642,172	-	23,587,734	6,054,438
Total capital assets not being depreciated	96,234,323	-	23,587,734	72,646,589
Capital assets being depreciated:				
Land improvements	79,238,888	1,279,127	-	80,518,015
Buildings and improvements	448,723,713	34,919,829	-	483,643,542
Equipment	30,244,086	3,313,345	-	33,557,431
Total capital assets being depreciated	558,206,687	39,512,301	-	597,718,988
Less accumulated depreciation for:				
Land improvements	(42,014,408)	(5,221,762)	-	(47,236,170)
Buildings and improvements	(132,196,281)	(19,849,252)	-	(152,045,533)
Equipment	(19,668,419)	(2,372,781)	-	(22,041,200)
Total accumulated depreciation	(193,879,108)	(27,443,795)	-	(221,322,903)
Total capital assets being depreciated, net	364,327,579	12,068,506	-	376,396,085
Governmental activities capital assets, net	\$ 460,561,902	\$ 12,068,506	\$ 23,587,734	\$ 449,042,674

Depreciation was charged to functions as follows:

Instruction	\$ 3,238,368
Instruction Related	22,550
Pupil Services	216,806
Ancillary Services	2,168
General Administration	164,663
Plant Services	23,799,240
	<u>\$ 27,443,795</u>

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

G. Prepaid Expenses

As of June 30, 2021 prepaid expenses consisted of:

	<u>General Fund</u>
Prepaid registration fees	\$ 3,161
Prepaid expenses	<u>1,700</u>
Totals	<u>\$ 4,861</u>

H. Interfund Balances & Activities

1. Due to and From Other Funds

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

<u>Interfund Receivable</u> <u>(Due From Other Funds)</u>	<u>Interfund Payable</u> <u>(Due To Other Funds)</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Nonmajor Governmental Funds	\$ 28,108	Administrative Fees
General Fund	Self Insurance Fund	2,044,147	Reserve Transfer
General Fund	Nonmajor Governmental Funds	23,696	Indirect Costs and OPEB Allocation
General Fund	Building Fund	2,830	Reimbursement and OPEB Transfer
Special Reserve Fund Capital Outlay	General Fund	2,723	Deposit Permit Adjustment
Self Insurance Fund	General Fund	532,706	OPEB Contributions and Adjustments
	Total	<u>\$ 2,634,210</u>	

2. Transfers to and From Other Funds

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

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Building Fund	\$ 765,589	Transfer Debt Principal
Nonmajor Governmental Funds	General Fund	100,000	Permanent Transfer Contribution
Component Unit Fund (52)	Component Unit Fund (49)	7,296,135	Debt Service Transfer
Self Insurance Fund	General Fund	50,000	Deductible Insurance Contribution
General Fund	Nonmajor Governmental Funds	6,249,000	Permanent Transfer Contribution
Special Reserve Fund Capital Outlay	Nonmajor Governmental Funds	4,086,305	Transfer School Facilities Funds
	Total	<u>\$ 18,547,029</u>	

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

I. Accounts Payable

Accounts payable balances as of June 30, 2021 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	\$ 1,433,387	\$ 28,916	\$ 2,155,463	\$ -	\$ 33,520	\$ 3,651,286
Payroll and Benefits	2,101,256	11,669	-	60,443	12,976	2,186,344
LCFF Repayment	1,570,682	-	-	-	-	1,570,682
Special Education Services	642,574	-	-	-	-	642,574
Total Accounts Payable	<u>\$ 5,747,899</u>	<u>\$ 40,585</u>	<u>\$ 2,155,463</u>	<u>\$ 60,443</u>	<u>\$ 46,496</u>	<u>\$ 8,050,886</u>

J. Unearned Revenue

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

	General Fund	Nonmajor Governmental Funds	Total
Federal Programs:			
Title IV, Part A	\$ 13,276	\$ -	\$ 13,276
Title I, Part A	13,194	-	13,194
Title III LEP	9,646	-	9,646
State Programs:			
Career Tech Incentive Grant	888,170	-	888,170
K-12 Strong Workforce Grant	142,271	-	142,271
In Person Instruction	498,811	-	498,811
Local Sources:			
Prepaid Insurance Payments	2,670	-	2,670
Prepaid Cafeteria Meals	-	188,667	188,667
Total Unearned Revenue	<u>\$ 1,568,038</u>	<u>\$ 188,667</u>	<u>\$ 1,756,705</u>

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

K. Fund Balance Classifications of the Governmental Funds

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

	Major Governmental Funds					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	\$ 175,477	\$ -	\$ -	\$ -	\$ -	\$ 175,477
Inventory	-	-	-	-	37,429	37,429
Prepaid Expenditures	4,861	-	-	-	-	4,861
Total Nonspendable Fund Balance	180,338	-	-	-	37,429	217,767
Restricted Fund Balance						
Lottery - Instructional Materials	1,618,175	-	-	-	-	1,618,175
Expanded Learning Opportunities	2,263,390	-	-	-	-	2,263,390
Educational Programs	270,249	-	-	-	-	270,249
Professional Development Grant	54,721	-	-	-	-	54,721
Student Activity Funds	-	-	-	-	1,629,107	1,629,107
Child Nutrition	-	-	-	-	55,210	55,210
Debt Service	-	-	-	-	17,850,764	17,850,764
Capital Facilities	-	-	-	-	251,459	251,459
State School Facilities Projects	-	-	-	-	12,958	12,958
Capital Projects	-	91,640,368	-	40,173,514	1,005,225	132,819,107
Total Restricted Fund Balance	4,206,535	91,640,368	-	40,173,514	20,804,723	156,825,140
Assigned Fund Balance						
Pupil Transportation Equipment	50,501	-	-	-	-	50,501
Site Carryover	420,323	-	-	-	-	420,323
Special Reserve	85,507	-	-	-	-	85,507
Capital Projects	-	-	18,347,350	-	-	18,347,350
Total Assigned Fund Balance	556,331	-	18,347,350	-	-	18,903,681
Unassigned Fund Balance						
For Economic Uncertainties	4,908,100	-	-	-	-	4,908,100
Unassigned Balance	23,472,962	-	-	-	-	23,472,962
Total Unassigned Fund Balance	28,381,062	-	-	-	-	28,381,062
Total Fund Balance	\$ 33,324,266	\$ 91,640,368	\$ 18,347,350	\$ 40,173,514	\$ 20,842,152	\$ 204,327,650

L. 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 2020 issued August 25, 2020. The notes were repaid by June 30, 2021, including interest at 3.00%. The District's share of the Tax and Revenue Anticipation Notes issued was \$11,000,000. The notes were issued to supplement cash flows of the District.

Description	Beginning Balance	Issued	Redeemed	Ending Balance
Tax Revenue Anticipation Notes	\$ -	\$11,000,000	\$11,000,000	\$ -

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

M. Long Term Obligations

1. Long-Term Obligation Activity

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 356,412,215	\$ 122,171,191	\$ 34,707,076	\$ 443,876,330	\$ 7,301,841
State School Building Loans	256,936	-	256,936	-	-
Capital Leases	593,613	285,548	149,257	729,904	240,720
Lease Revenue Bonds	12,566,028	-	(27,329)	12,593,357	(27,329)
Special Tax Bonds	103,999,771	-	3,219,847	100,779,924	3,449,847
Net Pension Liability*	157,414,325	-	1,214,719	156,199,606	-
Net OPEB Obligation*	32,695,587	286,603	-	32,982,190	-
Compensated Absences*	2,305,064	497,120	-	2,802,184	2,802,184
Total Governmental Activities	<u>\$ 666,243,539</u>	<u>\$ 123,240,462</u>	<u>\$ 39,520,506</u>	<u>\$ 749,963,495</u>	<u>\$ 13,767,263</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 capital 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, 2021

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

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>
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
2016 Series C-2 Tax Exempt	July 2016	3.00 - 4.75%	08/01/41	62,000,000
2018 Series D-1 Taxable	May 2018	2.59 - 2.79%	08/01/20	3,100,000
2018 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
2021 Series E-1 Taxable	June 2021	0.17 - 0.27%	08/01/23	4,345,000
2021 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>\$ 626,885,000</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	\$ 13,715,000	\$ -	\$ 1,745,000	\$ 11,970,000	\$ 2,190,000
2012 Series B-2 Tax Exempt	104,430,000	-	27,860,000	76,570,000	-
Unamortized Discount	(63,761)	-	(8,110)	(55,651)	(10,170)
Unamortized Premium	5,754,174	-	957,202	4,796,972	114,027
2012 Series C-2 Tax Exempt	61,205,000	-	-	61,205,000	-
Unamortized Premium	2,495,512	-	118,834	2,376,678	118,834
2018 Series D-1 Taxable	1,055,000	-	1,055,000	-	-
2018 Series D-2 Tax Exempt	21,675,000	-	1,035,000	20,640,000	2,455,000
Unamortized Premium	861,290	-	39,150	822,140	39,150
2020 Refunding Bonds	145,285,000	-	1,905,000	143,380,000	1,945,000
2018 Series E-1 Taxable	-	4,345,000	-	4,345,000	-
2018 Series E-2 Tax Exempt	-	80,615,000	-	80,615,000	-
2021 Refunding Bonds	-	32,600,000	-	32,600,000	450,000
Unamortized Premium	-	4,611,191	-	4,611,191	-
Total	<u>\$ 356,412,215</u>	<u>\$ 122,171,191</u>	<u>\$ 34,707,076</u>	<u>\$ 443,876,330</u>	<u>\$ 7,301,841</u>

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

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

Year Ended June 30,	Principal	Interest	Total
2022	\$ 7,040,000	\$ 11,522,952	\$ 18,562,952
2023	7,875,000	12,290,369	20,165,369
2024	8,290,000	12,097,228	20,387,228
2025	7,650,000	11,879,311	19,529,311
2026	8,605,000	11,645,784	20,250,784
2027-2031	59,960,000	54,096,848	114,056,848
2032-2036	93,900,000	44,328,762	138,228,762
2037-2041	140,315,000	27,020,746	167,335,746
2042-2046	97,690,000	4,183,938	101,873,938
Total	<u>\$ 431,325,000</u>	<u>\$ 189,065,938</u>	<u>\$ 620,390,938</u>

2021 General Obligation Bonds

In June 2021, the District issued \$4,345,000 2012 Election, Series E-1, General Obligation Bonds (Taxable) and \$80,615,000 2012 Election, Series E-2, General Obligation Bonds (Tax-Exempt) in order to finance specific construction, acquisition and modernization projects approved by voters, and to pay costs of issuance of the bonds. The issue consisted of \$4,345,000 in serial bonds with interest rates of 0.175-0.275% with annual maturities from August 2022 through August 2023, \$36,790,000 in serial bonds with interest rates of 2.00-4.00% with annual maturities from August 2022 through August 2041, and \$43,825,000 in term bonds with interest rates of 2.25-3.00% with annual maturities from August 2042 through August 2043. Principal payments on the bonds are due August 1 of each year beginning August 1, 2022 while interest is payable semi-annually on February 1 and August 1 of each year through maturity beginning February 1, 2022. Total proceeds of \$84,960,000, with additional premium of \$4,611,191, resulted in \$84,931,285 deposited into the Building Fund after issuance costs of \$491,879 while remaining funds of \$4,148,027 were deposited into the Bond Interest and Redemption Fund to be utilized for subsequent debt service on the bonds.

2021 General Obligation Refunding Bonds

In June 2021, the District issued \$32,600,000 of 2021 General Obligation Refunding Bonds. The general obligation refunding bonds bear fixed interest rates of 0.145% to 2.484% with annual maturities from August 2021 through August 2036. Interest is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2021. The proceeds of \$32,600,000 were used to partially refund \$27,860,000 of the District's outstanding 2012 Election, Series 2015 B-2 Tax Exempt General Obligation Bonds in addition to paying the costs relating to the execution and delivery of the refunding bonds as associated with the refunding plan.

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

The net proceeds of \$32,309,157 (after issuance costs of \$290,843) was deposited into a separate escrow fund for the partial refunding of the 2012 Election, Series 2015 B-2 Tax Exempt Bonds. The partial refunding of the 2012 Election, Series 2015 B-2 Tax Exempt Bonds will occur on the call date of August 1, 2025.

Refunding Bond Calculation of Gain/Loss on Refunding:

New Bonds: 2021 General Obligation Refunding Bonds

Refunding: 2015 General Obligation Bonds, Series B-2

Net Carrying Amount of Debt:

Maturity Value of Old Debt	\$ 27,860,000
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Reacquisition Price:

Face Value of New Debt	\$ 32,600,000
------------------------	---------------

Gain or (Loss) on Refunding	\$ (4,740,000)
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Refunding Bond Calculation of Economic Gain/Loss:

The refunding decreased the District's total debt service payments by \$1,935,956.

Decrease in Debt Service Payments:

2021 General Obligation Refunding Bonds	\$ 40,857,857
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Old Debt - 2015 General Obligation Bonds, Series B-2	42,793,813
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Decrease in Debt Service Payments	\$ (1,935,956)
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Present Value Used as Effective Rate Target:

Face Amount of 2021 General Obligation Refunding Bonds	\$ 32,600,000
--	---------------

All Costs Not Recoverable Through Escrow Rate Earnings	(290,843)
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Present Value Used as Effective Rate Target	\$ 32,309,157
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Economic Gain:

Present Value of Old Debt	\$ 33,881,713
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Present Value of 2021 General Obligation Refunding Bonds	32,309,157
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Calculated Economic Gain	\$ 1,572,556
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San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

3. Special Tax Bonds

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

	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>
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	(82,090,000)
Total				<u>\$ 187,530,000</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
2016 Special Tax Bonds	\$ 22,845,000	\$ -	\$ 435,000	\$ 22,410,000
Unamortized Premium	402,805	-	15,200	387,605
2018 Special Tax Bonds	73,280,000	-	2,485,000	70,795,000
Unamortized Premium	8,077,721	-	307,723	7,769,998
Unamortized Discount	(605,755)	-	(23,076)	(582,679)
CFD 94-2 Local Obligation Bonds	19,280,000	-	835,000	18,445,000
2018 Local Bonds Receivable	(19,280,000)	-	(835,000)	(18,445,000)
CFD 94-3 Local Obligation Bonds	6,085,000	-	235,000	5,850,000
2018 Local Bonds Receivable	(6,085,000)	-	(235,000)	(5,850,000)
CFD 95-1 Local Obligation Bonds	28,720,000	-	940,000	27,780,000
2018 Local Bonds Receivable	(28,720,000)	-	(940,000)	(27,780,000)
CFD 95-2 Local Obligation Bonds	5,970,000	-	180,000	5,790,000
2018 Local Bonds Receivable	(5,970,000)	-	(180,000)	(5,790,000)
CFD 99-1 Local Obligation Bonds	7,010,000	-	190,000	6,820,000
2018 Local Bonds Receivable	(7,010,000)	-	(190,000)	(6,820,000)
CFD 99-2 Local Obligation Bonds	285,000	-	5,000	280,000
2018 Local Bonds Receivable	(285,000)	-	(5,000)	(280,000)
CFD 99-3 Local Obligation Bonds	945,000	-	30,000	915,000
2018 Local Bonds Receivable	(945,000)	-	(30,000)	(915,000)
CFD 03-1 Local Obligation Bonds	12,365,000	-	320,000	12,045,000
2018 Local Bonds Receivable	(12,365,000)	-	(320,000)	(12,045,000)
Unamortized Premium	4,925,082	-	234,528	4,690,554
Unamortized Premium Receivable	(4,925,082)	-	(234,528)	(4,690,554)
Total	<u>\$ 103,999,771</u>	<u>\$ -</u>	<u>\$ 3,219,847</u>	<u>\$ 100,779,924</u>

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

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

Year Ended June 30,	Principal	Interest	Total
2022	\$ 3,150,000	\$ 4,234,456	\$ 7,384,456
2023	3,295,000	4,081,457	7,376,457
2024	3,455,000	3,921,456	7,376,456
2025	3,640,000	3,753,557	7,393,557
2026	3,800,000	3,576,656	7,376,656
2027-2031	22,055,000	14,854,974	36,909,974
2032-2036	25,645,000	9,054,569	34,699,569
2037-2041	16,360,000	4,104,563	20,464,563
2042-2046	9,970,000	1,478,550	11,448,550
2047-2051	1,835,000	71,525	1,906,525
Total	<u>\$ 93,205,000</u>	<u>\$ 49,131,763</u>	<u>\$ 142,336,763</u>

4. Lease Revenue Bonds

Lease revenue bonds at June 30, 2021 consisted of the following:

	Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue
Lease Revenue Bonds Series A	05/10/10	6.46%	05/01/27	\$ 13,015,000
	Beginning Balance	Increases	Decreases	Ending Balance
Lease Revenue Bonds Series A	\$ 12,730,000	\$ -	\$ -	\$ 12,730,000
Unamortized Discount	(163,972)	-	(27,329)	(136,643)
Total	<u>\$ 12,566,028</u>	<u>\$ -</u>	<u>\$ (27,329)</u>	<u>\$ 12,593,357</u>

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

Year Ended June 30,	Principal	Interest	Total
2022	\$ -	\$ 822,231	\$ 822,231
2023	-	822,231	822,231
2024	-	822,231	822,231
2025	-	822,231	822,231
2026	-	822,231	822,231
2027-2031	12,730,000	822,229	13,552,229
Total	<u>\$ 12,730,000</u>	<u>\$ 4,933,384</u>	<u>\$ 17,663,384</u>

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

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:

	2013 Series A	2015 Series B	2016 Series C	2018 Series D
Total Interest Payments	\$ 113,607,493	\$ 88,265,753	\$ 42,624,776	\$ 18,093,285
Less Bond Premium	(8,336,717)	(6,379,386)	(2,852,014)	(939,590)
Net Interest Payments	105,270,776	81,886,367	39,772,762	17,153,695

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%

	2016 Special Tax	2018 Special Tax	2018 Series E
Total Interest Payments	\$ 18,468,936	\$ 42,888,732	\$ 40,309,058
Less Bond Premium	(456,005)	(8,616,236)	(4,611,191)
Net Interest Payments	18,012,931	34,272,496	35,697,867

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. Bond Discounts

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

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

	2013 Series A Bonds	2008 Special Tax Bonds	2018 Special Tax Bonds
Total Interest Payments	\$ 113,607,493	\$ 76,647,411	\$ 42,888,732
Plus Bond Discount	744,000	1,548,428	646,138
Net Interest Payments	114,351,493	78,195,839	43,534,870
PAR Amount of Bonds	160,000,000	89,130,000	74,580,000
Periods	25	34	28
Effective Interest Rate	2.86%	2.58%	2.08%

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

7. State School Building Loan

Effective December 10, 2008 the District entered into a loan agreement with the California Office of School Construction for a loan of \$3,000,000 bearing an interest rate of 2.568%. The loan is to be repaid in ten equal annual installments commencing July 1, 2011. The loan was made as part of the Career Technical Education Facilities Program in accordance with the School Facility Program Regulation Section 1859.194. As of June 30, 2021 the loan has been paid in full.

8. Capital Leases

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.

Future payment requirements are as follows:

Year Ended			
June 30,	Principal	Interest	Total
2022	\$ 240,720	\$ 25,483	\$ 266,203
2023	244,874	21,329	266,203
2024	244,310	16,351	260,661
Total	<u>\$ 729,904</u>	<u>\$ 63,163</u>	<u>\$ 793,067</u>

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

9. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2021 amounted to \$2,802,184. This amount is included as part of long-term liabilities in the government-wide financial statements.

10. Net Pension Liability

The District's beginning net pension liability was \$157,414,325 and decreased by \$1,214,719 during the year ended June 30, 2021 for a ending net pension liability of \$156,199,606. See Note N for additional information regarding the net pension liability.

11. Net OPEB Liability

The District's beginning Net OPEB liability was \$32,695,587 and increased by \$286,603 during the year ended June 30, 2021 for a ending Net OPEB liability of \$32,982,190. See Note O for additional information regarding the net OPEB liability.

N. 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.

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

The Plan's provisions and benefits in effect at June 30, 2021 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 (2020-21)	10.250%	10.205%
Required Employer Contribution Rates (2020-21)	16.150%	16.150%
Required State Contribution Rates (2020-21)	10.328%	10.328%

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

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

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

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

c. Contributions

CalSTRS

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

CalPERS

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

On Behalf Payments

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

CalSTRS			
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2019	9.828%	\$ 10,833,090	\$ (2,053,391)
2020	10.328%	7,450,363	2,355,141
2021	10.328%	8,088,908	5,268,139

CalPERS			
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2019	N/A	\$ 1,367,933	N/A

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

d. Contributions Recognized

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

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

	Government-Wide Financial Statements (Economic Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 12,335,516	\$ 4,220,232	\$ 16,555,748
Contributions - State On Behalf Payments	-	-	-
Total Government-Wide	<u>\$ 12,335,516</u>	<u>\$ 4,220,232</u>	<u>\$ 16,555,748</u>

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

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

	Proportionate Share of the Net Pension Liability		
	CalSTRS	CalPERS	Total
Governmental Activities	<u>\$ 112,648,048</u>	<u>\$ 43,551,558</u>	<u>\$ 156,199,606</u>

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

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

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

	CalSTRS			CalPERS
	District's Proportionate Share	State's Proportionate Share*	Total For District Employees	District's Proportionate Share
<u>Governmental Activities</u>				
Proportion June 30, 2020	0.1288%	0.0731%	0.2019%	0.1408%
Proportion June 30, 2021	0.1162%	0.0826%	0.1988%	0.1419%
Change in Proportion	-0.0126%	0.0095%	-0.0031%	0.0011%

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

a. Pension Expense

	Governmental Activities		
	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	\$ (3,718,931)	\$ 2,504,212	\$ (1,214,719)
State On Behalf Pension Expense	5,268,139	-	5,268,139
Employer Contributions to Pension Expense	12,059,575	4,400,822	16,460,397
Change in Contributions Subsequent to Measurement Date	275,941	(180,590)	95,351
Change in Other Deferred Outflows/Inflows of Resources	2,899,779	2,468,421	5,368,200
Total Pension Expense - Governmental	\$ 16,784,503	\$ 9,192,865	\$ 25,977,368

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

b. Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources		
	CalSTRS	CalPERS	Total
<u>Governmental Activities</u>			
Pension contributions subsequent to measurement date	\$ 12,059,575	\$ 4,400,822	\$ 16,460,397
Differences between actual and expected experience	185,878	2,385,362	2,571,240
Changes in assumptions	8,784,948	202,118	8,987,066
Changes in employer's proportionate share	1,767,845	398,915	2,166,760
Net difference between projected and actual earnings	2,279,810	815,381	3,095,191
Total Deferred Outflows of Resources	<u>\$ 25,078,056</u>	<u>\$ 8,202,598</u>	<u>\$ 33,280,654</u>
	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
<u>Governmental Activities</u>			
Differences between actual and expected experience	\$ 2,725,184	\$ -	\$ 2,725,184
Changes in employer's proportionate share	9,577,863	2,033,322	11,611,185
Total Deferred Inflows of Resources	<u>\$ 12,303,047</u>	<u>\$ 2,033,322</u>	<u>\$ 14,336,369</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, 2022. The remaining amounts reported as deferred outflows or deferred inflows of resources will be recognized as an increase or decrease to pension expense over a five-year period. Pension expense resulting from deferred outflows and deferred inflows of resources will be recognized as follows:

Year Ended June 30,	Governmental Activities				
	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect on Expenses
	CalSTRS	CalPERS	CalSTRS	CalPERS	
2022	\$ 14,396,704	\$ 5,890,414	\$ (3,030,023)	\$ (780,586)	\$ 16,476,509
2023	3,795,228	1,018,622	(3,029,009)	(780,585)	1,004,256
2024	4,795,646	796,640	(2,792,117)	(472,151)	2,328,018
2025	1,748,728	496,922	(2,792,113)	-	(546,463)
2026	170,874	-	(499,873)	-	(328,999)
Thereafter	170,876	-	(159,912)	-	10,964
Total	<u>\$ 25,078,056</u>	<u>\$ 8,202,598</u>	<u>\$ (12,303,047)</u>	<u>\$ (2,033,322)</u>	<u>\$ 18,944,285</u>

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

c. Actuarial Assumptions

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

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

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

a. Discount Rate

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

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

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

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

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

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

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

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

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

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

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

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

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

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

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

	<u>CalSTRS</u>	<u>CalPERS</u>
1% Decrease	6.10%	6.15%
Net Pension Liability	\$ 170,195,509	\$ 62,613,307
Current Discount Rate	7.10%	7.15%
Net Pension Liability	\$ 112,648,048	\$ 43,551,558
1% Increase	8.10%	8.15%
Net Pension Liability	\$ 65,134,515	\$ 27,731,263

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

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

CalSTRS

	Increase (Decrease)				
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	State's Share of Net Pension Liability	District's Share of Net Pension Liability
	(a)	(b)	(a) - (b)	(c)	(a) - (b) - (c)
Balance at June 30, 2020					
(Previously Reported)	\$ 664,814,149	\$ 482,407,858	\$ 182,406,291	\$ 66,039,312	\$ 116,366,979
Changes for the year					
CalSTRS auditor adjustment	(3,977)	-	(3,977)	(1,653)	(2,324)
Change in proportionate share	(10,170,296)	(7,379,853)	(2,790,443)	8,590,475	(11,380,918)
Service cost	14,597,161	-	14,597,161	6,065,072	8,532,089
Interest	46,404,655	-	46,404,655	19,280,980	27,123,675
Difference between expected and actual experience	(1,915,132)	-	(1,915,132)	(795,731)	(1,119,401)
Change in assumptions	2,046,387	-	2,046,387	850,267	1,196,120
Change in benefits	-	-	-	-	-
Contributions:					
Employer	-	12,091,501	(12,091,501)	(5,023,978)	(7,067,523)
Employee	-	7,427,931	(7,427,931)	(3,086,281)	(4,341,650)
State on oehalf	-	8,843,485	(8,843,485)	(3,674,438)	(5,169,047)
Net investment income	-	20,092,134	(20,092,134)	(8,348,215)	(11,743,919)
Other income	-	201,701	(201,701)	(83,806)	(117,895)
Benefit payments ⁽¹⁾	(31,868,501)	(31,868,501)	-	-	-
Administrative expenses	-	(435,266)	435,266	180,852	254,414
Borrowing costs	-	(188,309)	188,309	78,242	110,067
Other expenses	-	(12,626)	12,626	5,245	7,381
Net changes	19,090,297	8,772,197	10,318,100	14,037,031	(3,718,931)
Balance at June 30, 2021	\$ 683,904,446	\$ 491,180,055	\$ 192,724,391	\$ 80,076,343	\$ 112,648,048

(1) – Includes refunds of employee contributions

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

CalPERS

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2020			
(Previously Reported)	\$ 137,040,663	\$ 95,993,317	\$ 41,047,346
Changes for the year			
Change in proportionate share	1,068,365	748,361	320,004
Service cost	3,268,704	-	3,268,704
Interest	9,800,529	-	9,800,529
Difference between expected and actual experience	642,223	-	642,223
Change in assumptions	-	-	-
Change in benefits	-	-	-
Contributions:			
Employer	-	4,068,205	(4,068,205)
Employee	-	1,487,507	(1,487,507)
Nonemployer	-	1,283,138	(1,283,138)
Net plan to plan resource movement	-	232	(232)
Net investment income	-	4,823,881	(4,823,881)
Benefit payments ⁽¹⁾	(6,630,523)	(6,630,523)	-
Administrative expenses	-	(135,715)	135,715
Other expenses	-	-	-
Net changes	8,149,298	5,645,086	2,504,212
Balance at June 30, 2021	\$ 145,189,961	\$ 101,638,403	\$ 43,551,558

(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, 2021

O. 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, 2021

Employees Covered by Benefit Terms

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

Inactive plan members or beneficiaries currently receiving benefits	75
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	<u>1,015</u>
	<u>1,090</u>

2. Net OPEB Liability

The District's Net OPEB liability was measured as of June 30, 2020, and the Net OPEB liability used to calculate the Net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

Fiscal Year	July 1 st to June 30 th
Measurement Date	June 30, 2020
Funding Policy	Pay-as-you-go
Discount Rate	5.05% per annum
Investment Rate of Return	5.50%
Inflation	2.50% per annum
Salary Increases	2.75% per annum
Healthcare Cost Trend Rates	6.00% decreasing to 5.00%
Retiree's Share of Costs	0.00% of projected premiums

The discount rate is the average, rounded to 5 basis points, of the range of 3-20 year municipal bond rate indices: S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO Index, and Fidelity GO 20 Year Bond Index.

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, 2021

Discount Rate

The discount rate of 5.05% is a blended rate between the rate of return at 5.50% and 2.66%, the resulting rate using the average of 3-20 year municipal bond rate indices: S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO Index, and Fidelity GO AA 20 Year Bond Index.

The discount rate has increased from the June 30, 2020 discount rate of 3.50%.

Actuarial Cost Method

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

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

Actuarial Value of Assets

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, 2021, 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, 2021

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, 2020	\$ 32,695,587	\$ -	\$ 32,695,587
Changes for the year:			
Interest	1,225,312	-	1,225,312
Contributions - Employer	-	1,217,231	(1,217,231)
Net investment income	-	8,563	(8,563)
Trust administrative expenses	-	(158)	158
Changes of assumptions	(4,001,168)	-	(4,001,168)
Benefit payments, including refunds of member contributions	(967,231)	(967,231)	-
Differences between expected and actual experience	1,495,316	-	1,495,316
Service cost	2,792,779	-	2,792,779
Net change	545,008	258,405	286,603
Balance at June 30, 2021	\$ 33,240,595	\$ 258,405	\$ 32,982,190

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

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

	1% Decrease (4.05%)	Valuation Discount Rate (5.05%)	1% Increase (6.05%)
Net OPEB Liability	\$ 35,521,029	\$ 32,982,190	\$ 30,603,664

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

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>
	<u>5.00%</u>	<u>6.00%</u>	<u>7.00%</u>
	<u>Decreasing to</u>	<u>Decreasing to</u>	<u>Decreasing to</u>
	<u>4.00%</u>	<u>5.00%</u>	<u>6.00%</u>
Net OPEB Liability	\$ 30,216,434	\$ 32,982,190	\$ 35,659,104

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$3,469,802. At June 30, 2021 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>
Contributions made subsequent to measurement date	\$ 858,192	\$ -
Net difference between projected and actual earnings in OPEB plan investments	-	(1,427)
Changes of assumptions	-	(4,898,533)
Differences between expected and actuarial experience in measurement of total OPEB	<u>1,345,784</u>	<u>(547,276)</u>
Total	<u>\$ 2,203,976</u>	<u>\$ (5,447,236)</u>

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

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
2022	\$ 1,007,724	\$ (691,200)	\$ 316,524
2023	149,532	(691,200)	(541,668)
2024	149,532	(691,200)	(541,668)
2025	149,532	(691,200)	(541,668)
2026	149,532	(691,200)	(541,668)
Thereafter	598,124	(2,021,236)	(1,423,112)
Total	<u>\$ 2,203,976</u>	<u>\$ (5,477,236)</u>	<u>\$ (3,273,260)</u>

Payables to the OPEB Plan

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

P. Risk Management

The District is exposed to risk of losses due to:

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

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

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

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

Q. Participation in Joint Powers Authorities

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

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

R. Commitments and Contingencies

1. State and Federal Allowances, Awards, and Grants

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

2. Litigation

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

3. Construction Commitments

As of June 30, 2021, 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 Audio/Visual Technology Improvements	\$ 470,132	08/06/21	24.6%
Oak Crest Audio/Visual Technology Improvements	365,768	09/15/21	0.0%
San Dieguito Academy Shade Structure	95,337	08/31/21	11.0%
Torrey Pines Building I Food Service/Makerspace/Lab	867,328	12/31/21	7.5%
Torrey Pines Building I New Digital Arts Classrooms	40,800	12/31/21	50.0%
San Dieguito Academy Parking Lot/Outdoor Play Court	241,493	02/28/22	65.8%
Oak Crest Buildings C and I Modernization, Crest Hall	245,476	09/30/23	7.8%

*Expected date of completion subject to change

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

S. 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, 2021 is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Refunding Loss - 2020 Bonds	\$ 16,183,250	\$ -	\$ 851,750	\$ 15,331,500
Refunding Loss - 2021 Bonds	-	4,740,000	-	4,740,000
Pension Related				
CalSTRS	18,783,477	21,144,972	14,850,393	25,078,056
CalPERS	11,271,014	7,449,348	10,517,764	8,202,598
OPEB Related	1,231,330	1,122,178	149,532	2,203,976
Total Deferred Outflows of Resources	<u>\$ 47,469,071</u>	<u>\$ 34,456,498</u>	<u>\$ 26,369,439</u>	<u>\$ 55,556,130</u>

Future amortization of deferred outflows is as follows:

Year Ending June 30,	Refunding Losses	Pension Related	OPEB Related	Total
2022	\$ 1,148,000	\$ 20,287,118	\$ 1,007,724	\$ 22,442,842
2023	1,148,000	4,813,850	149,532	6,111,382
2024	1,148,000	5,592,286	149,532	6,889,818
2025	1,148,000	2,245,650	149,532	3,543,182
2026	1,148,000	170,874	149,532	1,468,406
Thereafter	14,331,500	170,876	598,124	15,100,500
Total	<u>\$ 20,071,500</u>	<u>\$ 33,280,654</u>	<u>\$ 2,203,976</u>	<u>\$ 55,556,130</u>

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

T. Deferred Inflows of Resources

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

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

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

Description	Beginning Balance	Increases	Decreases	Ending Balance
Pension Related				
CalSTRS	\$ 2,832,748	\$ 12,500,319	\$ 3,030,020	\$ 12,303,047
CalPERS	2,813,907	-	780,585	2,033,322
OPEB Related	2,135,484	4,032,952	691,200	5,477,236
Total Deferred Inflows of Resources	<u>\$ 7,782,139</u>	<u>\$ 16,533,271</u>	<u>\$ 4,501,805</u>	<u>\$ 19,813,605</u>

Future amortization of deferred inflows is as follows:

Year Ending June 30,	Pension Related	OPEB Related	Total
2022	\$ 3,810,609	\$ 691,200	\$ 4,501,809
2023	3,809,594	691,200	4,500,794
2024	3,264,268	691,200	3,955,468
2025	2,792,113	691,200	3,483,313
2026	499,873	691,200	1,191,073
Thereafter	159,912	2,021,236	2,181,148
Total	<u>\$ 14,336,369</u>	<u>\$ 5,477,236</u>	<u>\$ 19,813,605</u>

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

U. Adjustment to Beginning Net Position

As a result of the implementation of GASB Statement No. 84, the District adjusted beginning fund balance/net position as follows:

	Government-Wide Financial Statements	Self-Insurance Fund
Beginning Net Position as Reported in June 30, 2020 Audit Report	\$ (62,728,401)	\$ (32,115,595)
Adjustments to Beginning Net :Position		
Removal of OPEB Liability	-	32,695,587
Removal of OPEB Deferred Outflows of Resources	-	(1,231,330)
Removal of OPEB Deferred Inflows of Resources	-	2,135,484
Inclusion of Associated Student Body Funds as governmental under GASB 84	1,945,455	-
Other Adjustments to Beginning Net Position	-	(1,480,108)
Beginning Net Position, as Restated	<u>\$ (60,782,946)</u>	<u>\$ 4,038</u>
	Associated Student Body Fund	
Beginning Fund Balance as Reported in June 30, 2020 Audit Report	\$ -	
Adjustments to Beginning Fund Balance		
Inclusion of Associated Student Body Funds as governmental under GASB 84	1,945,455	
Beginning Fund Balance, as Restated	<u>\$ 1,945,455</u>	

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

V. Upcoming Accounting Guidance

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

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

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

San Dieguito Union High School District

Notes to the Financial Statements, Continued

June 30, 2021

W. COVID-19 Considerations

In March 2020 the World Health Organization declared the outbreak of the novel coronavirus COVID-19 a global pandemic. The nature of the pandemic resulted in a mandatory school property closure affecting the San Dieguito Union High School District from March 16, 2020 and continuing into the Fall of the 2020-21 school year. California Governor Gavin Newsom issued a state-wide executive order mandating that schools remain closed until the county in which the school is located is off the COVID-19 watch list for fourteen consecutive days. The 2020-21 fiscal year opened in a fully distance learning model, until such time as campuses were re-opened.

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

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

X. Subsequent Events

Issuance of Tax Revenue Anticipation Notes

On August 26, 2021, The District issued \$10,000,000 in Tax Revenue Anticipation Notes (TRANs) as a part of the County of San Diego and San Diego County School Districts Tax and Revenue Anticipation Note Program, Series 2021. The TRANs bear interest of 0.25% with principal and interest due January 2022. The TRANs were issued to supplement cash flows.

Required Supplementary Information

San Dieguito Union High School District

Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance to Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
LCFF Sources				
State Apportionment	\$ 317,986	\$ 353,318	\$ 353,318	\$ -
Education Protection Account	2,535,838	2,538,054	2,537,034	(1,020)
Property Taxes	120,723,606	122,186,208	123,003,812	817,604
Federal Revenue	4,022,458	11,480,753	14,613,577	3,132,824
Other State Revenue	12,737,025	13,527,798	21,284,698	7,756,900
Interest Income	1,020,600	601,640	618,374	16,734
Fair Market Value Adjustment	-	-	108,432	108,432
Other Local Revenue	6,715,491	8,179,995	9,619,226	1,439,231
Total Revenues	<u>148,073,004</u>	<u>158,867,766</u>	<u>172,138,471</u>	<u>13,270,705</u>
Expenditures				
Current Expenditures:				
Certificated Salaries	74,745,160	75,305,963	75,635,331	(329,368)
Classified Salaries	21,650,351	21,982,850	22,044,191	(61,341)
Employee Benefits	36,245,864	35,815,948	37,101,703	(1,285,755)
Books and Supplies	4,226,874	11,578,881	10,027,430	1,551,451
Services and Other Operating	15,922,968	16,536,309	15,106,049	1,430,260
Other Outgo	821,603	891,875	503,988	387,887
Transfers of Indirect Costs	(108,000)	(108,000)	(20,642)	(87,358)
Capital Outlay	284,966	3,109,022	1,309,512	1,799,510
Debt Service				
Principal	900,071	900,071	902,938	(2,867)
Interest	845,641	845,641	842,826	2,815
Total Expenditures	<u>155,535,498</u>	<u>166,858,560</u>	<u>163,453,326</u>	<u>3,405,234</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(7,462,494)</u>	<u>(7,990,794)</u>	<u>8,685,145</u>	<u>16,675,939</u>
Other Financing Sources (Uses)				
Interfund Transfers In	7,014,589	7,014,589	7,014,589	-
Interfund Transfers Out	(380,994)	(1,784,161)	(150,000)	1,634,161
Net Financing Sources (Uses)	<u>6,633,595</u>	<u>5,230,428</u>	<u>6,864,589</u>	<u>1,634,161</u>
Net Change in Fund Balance	<u>(828,899)</u>	<u>(2,760,366)</u>	<u>15,549,734</u>	<u>18,310,100</u>
Fund Balance - Beginning of Year	<u>17,638,524</u>	<u>17,638,524</u>	<u>17,638,524</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 16,809,625</u>	<u>\$ 14,878,158</u>	<u>\$ 33,188,258</u>	<u>\$ 18,310,100</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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset)	0.1162%	0.1288%	0.1281%	0.1294%	0.1209%	0.1196%	0.1263%	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$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	N/A
State's proportionate share of the net pension liability (asset) associated with the District	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	N/A
Total	<u>\$192,724,393</u>	<u>\$182,406,292</u>	<u>\$182,763,892</u>	<u>\$187,768,194</u>	<u>\$159,951,275</u>	<u>\$127,102,610</u>	<u>\$111,003,108</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
District's covered payroll	71,558,690	68,044,491	68,421,216	68,421,216	60,074,753	55,280,293	55,947,164	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	157.42%	171.02%	172.11%	174.91%	162.79%	145.69%	131.88%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%	76.52%	N/A	N/A	N/A

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

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

See Accompanying Notes to Required Supplementary Information

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

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 12,059,575	\$ 12,335,516	\$ 11,274,453	\$ 9,818,820	\$ 8,607,389	\$ 6,446,021	\$ 4,908,890	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	<u>(12,059,575)</u>	<u>(12,335,516)</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>	N/A	N/A	N/A
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	N/A	N/A	N/A
District's covered payroll	\$ 74,672,291	\$ 72,137,520	\$ 69,253,397	\$ 68,044,491	\$ 68,421,216	\$ 60,074,753	\$ 55,280,293	N/A	N/A	N/A
Contributions as a percentage of covered payroll	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%	N/A	N/A	N/A

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

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

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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset)	0.1419%	0.1408%	0.1497%	0.1562%	0.1525%	0.1448%	0.1476%	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 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	N/A
District's covered payroll	\$ 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	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	211.12%	208.25%	199.97%	185.87%	163.09%	132.55%	107.97%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%	83.38%	N/A	N/A	N/A

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

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

See Accompanying Notes to Required Supplementary Information

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

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 4,400,822	\$ 4,220,232	\$ 3,560,110	\$ 3,099,948	\$ 2,785,419	\$ 2,188,359	\$ 1,894,809	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	<u>(4,400,822)</u>	<u>(4,220,232)</u>	<u>(3,560,110)</u>	<u>(3,099,948)</u>	<u>(2,785,419)</u>	<u>(2,188,359)</u>	<u>(1,894,809)</u>	N/A	N/A	N/A
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	N/A	N/A	N/A
District's covered payroll	\$ 21,260,010	\$ 21,399,686	\$ 19,710,497	\$ 19,959,745	\$ 20,056,300	\$ 18,471,840	\$ 16,097,264	N/A	N/A	N/A
Contributions as a percentage of covered payroll	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%	N/A	N/A	N/A

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

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

See Accompanying Notes to Required Supplementary Information

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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total OPEB liability:										
Service cost	\$ 2,792,779	\$ 2,411,837	\$ 2,379,289	\$ 2,524,714	N/A	N/A	N/A	N/A	N/A	N/A
Interest	1,225,312	1,167,457	1,062,707	863,398	N/A	N/A	N/A	N/A	N/A	N/A
Changes of benefit terms	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Differences between expected and actual experience	1,495,316	(684,094)	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	(4,001,168)	(529,249)	(244,107)	(1,280,421)	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(967,231)	(1,228,879)	(1,032,339)	(969,332)	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	545,008	1,137,072	2,165,550	1,138,359	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	32,695,587	31,558,515	29,392,965	28,254,606	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	<u>\$ 33,240,595</u>	<u>\$ 32,695,587</u>	<u>\$ 31,558,515</u>	<u>\$ 29,392,965</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Plan fiduciary net position:										
Contributions - employer	\$ 1,217,231	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A
Contributions - employee	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Net investment income	8,563	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(967,231)	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(158)	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Net change in plan fiduciary net position	258,405	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position - beginning	-	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position - ending	<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>	<u>N/A</u>
Net OPEB liability	<u>\$ 32,982,190</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>	<u>N/A</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.78%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
Covered payroll	88,055,292	85,698,581	54,295,000	51,854,000	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB liability as a percentage of covered payroll	37.45%	38.15%	58.12%	56.68%	N/A	N/A	N/A	N/A	N/A	N/A

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

See Accompanying Notes to Required Supplementary Information

San Dieguito Union High School District

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

Last Ten Fiscal Years*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarial determined contributions	\$ 3,469,802	\$ 3,288,568	\$ 3,272,604	\$ 3,388,112	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	1,217,231	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ 2,252,571	\$ 3,288,568	\$ 3,272,604	\$ 3,388,112	N/A	N/A	N/A	N/A	N/A	N/A
District's covered payroll	88,055,292	85,698,581	54,295,000	51,854,000	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	1.380%	0.000%	0.000%	0.000%	N/A	N/A	N/A	N/A	N/A	N/A

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

See Accompanying Notes to Required Supplementary Information

San Dieguito Union High School District

Notes to Required Supplementary Information

For the Year Ended June 30, 2021

Budgetary Comparison Schedule – General Fund

As described in Note A to these financial statements, for purposes of reporting in conformity with GASB Statement No. 54, the District's Special Reserve Fund for Other than Capital Outlay (Fund 17) 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	\$ 33,324,266
Less Fund 17 Fund Balance	(85,507)
Less Fund 15 Fund Balance	(50,501)
General Fund - Budgetary Comparison Schedule Ending Fund Balance	<u>\$ 33,188,258</u>
General Fund - Basic Financial Statements Net Change in Fund Balance	\$ 9,303,686
Less Fund 17 Net Change in Fund Balance	(689)
Less Fund 15 Net Change in Fund Balance	6,246,737
General Fund - Budgetary Comparison Schedule Net Change in Fund Balance	<u>\$ 15,549,734</u>

Excess of Expenditures Over Appropriations

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

<u>Appropriations Category</u>	<u>Excess Expenditures</u>	<u>Reason for Excess Expenditures</u>
General Fund:		
Certificated Salaries	329,368	The District underestimated certificated salaries paid as additional compensation due to pandemic.
Classified Salaries	61,341	The District underestimated classified salaries paid as additional compensation due to pandemic.
Employee Benefits	1,285,755	The District underestimated employee benefit increases and STRS on-behalf increase.
Transfers of Indirect Costs	87,358	The District underestimated additional transfers of costs to other agencies.
Debt Service Principal	2,867	The District underestimated debt service principal on long-term debt.

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, 2021

Schedule of District's Proportionate Share – CalSTRS

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

Schedule of District's Contributions – CalSTRS

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

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

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

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

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

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

San Dieguito Union High School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2021

Schedule of District's Proportionate Share – CalPERS

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

Schedule of District's Contributions – CalPERS

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

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

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

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

San Dieguito Union High School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2021

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

- 1) Benefit Changes: The District made changes to benefit terms consistent with bargaining agreements.
- 2) Changes in Assumptions: In 2021 the discount rate changed from 3.50% to 5.05% based on a change in the bond buyer 20 bond index rate.
- 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%

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, 2021

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total Nonmajor Governmental Funds
Assets				
Cash in County Treasury	\$ 94,797	\$ 1,266,840	\$ 17,850,764	\$ 19,212,401
Cash on Hand and in Banks	1,641,990	-	-	1,641,990
Accounts Receivable	177,000	60,299	-	237,299
Stores Inventories	37,429	-	-	37,429
Total Assets	<u>\$ 1,951,216</u>	<u>\$ 1,327,139</u>	<u>\$ 17,850,764</u>	<u>\$ 21,129,119</u>
Liabilities and Fund Balance:				
Liabilities:				
Accounts Payable	\$ 17,107	\$ 29,389	\$ -	\$ 46,496
Due to Other Funds	23,696	28,108	-	51,804
Unearned Revenue	188,667	-	-	188,667
Total Liabilities	<u>229,470</u>	<u>57,497</u>	<u>-</u>	<u>286,967</u>
Fund Balance:				
Nonspendable	37,429	-	-	37,429
Restricted	1,684,317	1,269,642	17,850,764	20,804,723
Total Fund Balance	<u>1,721,746</u>	<u>1,269,642</u>	<u>17,850,764</u>	<u>20,842,152</u>
Total Liabilities and Fund Balances	<u>\$ 1,951,216</u>	<u>\$ 1,327,139</u>	<u>\$ 17,850,764</u>	<u>\$ 21,129,119</u>

San Dieguito Union High School District

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

	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$ -	\$ -	\$ 17,890,888	\$ 17,890,888
Federal Revenue	543,963	-	-	543,963
Other State Revenue	61,374	4,086,411	63,237	4,211,022
Interest	1,986	14,629	101,065	117,680
Fair Market Value Adjustment	394	5,267	74,231	79,892
Other Local Revenue	556,963	998,517	650	1,556,130
Total Revenues	<u>\$ 1,164,680</u>	<u>\$ 5,104,824</u>	<u>\$ 18,130,071</u>	<u>\$ 24,399,575</u>
Expenditures				
Current Expenditures:				
Pupil Services	701,657	-	-	701,657
Ancillary Services	837,178	-	-	837,178
General Administration	20,642	30,554	-	51,196
Plant Services	-	417,547	-	417,547
Capital Outlay	7,949	736,919	-	744,868
Debt Service:				
Principal	-	335,370	8,660,000	8,995,370
Interest	-	8,612	14,419,790	14,428,402
Total Expenditures	<u>1,567,426</u>	<u>1,529,002</u>	<u>23,079,790</u>	<u>26,176,218</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(402,746)</u>	<u>3,575,822</u>	<u>(4,949,719)</u>	<u>(1,776,643)</u>
Other Financing Sources (Uses):				
Transfers In	100,000	-	7,296,135	7,396,135
Transfers Out	-	(4,086,305)	-	(4,086,305)
Other Financing Sources	-	-	4,148,026	4,148,026
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>(4,086,305)</u>	<u>11,444,161</u>	<u>7,457,856</u>
Net Change in Fund Balance	(302,746)	(510,483)	6,494,442	5,681,213
Fund Balance, Beginning of Year	<u>2,024,492</u>	<u>1,780,125</u>	<u>11,356,322</u>	<u>15,160,939</u>
Fund Balance, End of Year	<u>\$ 1,721,746</u>	<u>\$ 1,269,642</u>	<u>\$ 17,850,764</u>	<u>\$ 20,842,152</u>

San Dieguito Union High School District

Combining Balance Sheet – Nonmajor Special Revenue Funds

June 30, 2021

	Associated Student Body Fund	Cafeteria Fund	Total Nonmajor Special Revenue Funds
Assets			
Cash in County Treasury	\$ -	\$ 94,797	\$ 94,797
Cash on Hand and in Banks	1,629,107	12,883	1,641,990
Accounts Receivable	-	177,000	177,000
Stores Inventories	-	37,429	37,429
Total Assets	<u>\$ 1,629,107</u>	<u>\$ 322,109</u>	<u>\$ 1,951,216</u>
Liabilities and Fund Balance:			
Liabilities:			
Accounts Payable	\$ -	\$ 17,107	\$ 17,107
Due to Other Funds	-	23,696	23,696
Unearned Revenue	-	188,667	188,667
Total Liabilities	<u>-</u>	<u>229,470</u>	<u>229,470</u>
Fund Balance:			
Nonspendable	-	37,429	37,429
Restricted	1,629,107	55,210	1,684,317
Total Fund Balance	<u>1,629,107</u>	<u>92,639</u>	<u>1,721,746</u>
Total Liabilities and Fund Balances	<u>\$ 1,629,107</u>	<u>\$ 322,109</u>	<u>\$ 1,951,216</u>

San Dieguito Union High School District

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

	Associated Student Body Fund	Cafeteria Fund	Total Nonmajor Special Revenue Funds
Revenues			
Federal Revenue	\$ -	\$ 543,963	\$ 543,963
Other State Revenue	-	61,374	61,374
Interest	-	1,986	1,986
Fair Market Value Adjustment	-	394	394
Other Local Revenue	527,838	29,125	556,963
Total Revenues	<u>\$ 527,838</u>	<u>\$ 636,842</u>	<u>\$ 1,164,680</u>
Expenditures			
Current Expenditures:			
Pupil Services	-	701,657	701,657
Ancillary Services	837,178	-	837,178
General Administration	-	20,642	20,642
Capital Outlay	7,008	941	7,949
Total Expenditures	<u>844,186</u>	<u>723,240</u>	<u>1,567,426</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(316,348)</u>	<u>(86,398)</u>	<u>(402,746)</u>
Other Financing Sources (Uses):			
Transfers In	-	100,000	100,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Net Change in Fund Balance	(316,348)	13,602	(302,746)
Fund Balance, Beginning of Year	1,945,455	79,037	2,024,492
Fund Balance, End of Year	<u>\$ 1,629,107</u>	<u>\$ 92,639</u>	<u>\$ 1,721,746</u>

San Dieguito Union High School District

Combining Balance Sheet – Nonmajor Capital Projects Funds

June 30, 2021

	Capital Facilities Fund	County School Facilities Fund	Total Nonmajor Capital Projects Funds
Assets			
Cash in County Treasury	\$ 1,253,904	\$ 12,936	\$ 1,266,840
Accounts Receivable	60,277	22	60,299
Total Assets	<u>\$ 1,314,181</u>	<u>\$ 12,958</u>	<u>\$ 1,327,139</u>
Liabilities and Fund Balance:			
Liabilities:			
Accounts Payable	\$ 29,389	\$ -	\$ 29,389
Due to Other Funds	28,108	-	28,108
Total Liabilities	<u>57,497</u>	<u>-</u>	<u>57,497</u>
Fund Balance:			
Restricted	<u>1,256,684</u>	<u>12,958</u>	<u>1,269,642</u>
Total Fund Balance	<u>1,256,684</u>	<u>12,958</u>	<u>1,269,642</u>
Total Liabilities and Fund Balances	<u>\$ 1,314,181</u>	<u>\$ 12,958</u>	<u>\$ 1,327,139</u>

San Dieguito Union High School District

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

	Capital Facilities Fund	County School Facilities Fund	Total Nonmajor Capital Projects Funds
Revenues			
Other State Revenue	\$ 106	\$ 4,086,305	\$ 4,086,411
Interest	13,192	1,437	14,629
Fair Market Value Adjustment	5,214	53	5,267
Other Local Revenue	998,517	-	998,517
Total Revenues	<u>\$ 1,017,029</u>	<u>\$ 4,087,795</u>	<u>\$ 5,104,824</u>
Expenditures			
Current Expenditures:			
General Administration	30,554	-	30,554
Plant Services	417,547	-	417,547
Capital Outlay	736,919	-	736,919
Debt Service:			
Principal	335,370	-	335,370
Interest	8,612	-	8,612
Total Expenditures	<u>1,529,002</u>	<u>-</u>	<u>1,529,002</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(511,973)</u>	<u>4,087,795</u>	<u>3,575,822</u>
Other Financing Sources (Uses):			
Transfers Out	-	(4,086,305)	(4,086,305)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(4,086,305)</u>	<u>(4,086,305)</u>
Net Change in Fund Balance	(511,973)	1,490	(510,483)
Fund Balance, Beginning of Year	1,768,657	11,468	1,780,125
Fund Balance, End of Year	<u>\$ 1,256,684</u>	<u>\$ 12,958</u>	<u>\$ 1,269,642</u>

San Dieguito Union High School District

Combining Balance Sheet – Nonmajor Debt Service Funds

June 30, 2021

	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Unit	Total Nonmajor Debt Service Funds
Assets			
Cash in County Treasury	\$ 17,850,764	\$ -	\$ 17,850,764
Total Assets	<u>\$ 17,850,764</u>	<u>\$ -</u>	<u>\$ 17,850,764</u>
Liabilities and Fund Balance:			
Liabilities:			
Accounts Payable	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:			
Restricted	17,850,764	-	17,850,764
Total Fund Balance	<u>17,850,764</u>	<u>-</u>	<u>17,850,764</u>
Total Liabilities and Fund Balances	<u>\$ 17,850,764</u>	<u>\$ -</u>	<u>\$ 17,850,764</u>

San Dieguito Union High School District

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

	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Unit	Total Nonmajor Debt Service Funds
Revenues			
Property Taxes	\$ 17,890,888	\$ -	\$ 17,890,888
Other State Revenue	63,237	-	63,237
Interest	101,065	-	101,065
Fair Market Value Adjustment	74,231	-	74,231
Other Local Revenue	650	-	650
Total Revenues	<u>\$ 18,130,071</u>	<u>\$ -</u>	<u>\$ 18,130,071</u>
Expenditures			
Debt Service:			
Principal	5,740,000	2,920,000	8,660,000
Interest	10,043,655	4,376,135	14,419,790
Total Expenditures	<u>15,783,655</u>	<u>7,296,135</u>	<u>23,079,790</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,346,416</u>	<u>(7,296,135)</u>	<u>(4,949,719)</u>
Other Financing Sources (Uses):			
Transfers In	-	7,296,135	7,296,135
Other Financing Sources	4,148,026	-	4,148,026
Total Other Financing Sources (Uses)	<u>4,148,026</u>	<u>7,296,135</u>	<u>11,444,161</u>
Net Change in Fund Balance	6,494,442	-	6,494,442
Fund Balance, Beginning of Year	11,356,322	-	11,356,322
Fund Balance, End of Year	<u>\$ 17,850,764</u>	<u>\$ -</u>	<u>\$ 17,850,764</u>

Other Supplementary Information

San Dieguito Union High School District

Local Education Agency Organization Structure

June 30, 2021

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
Melisse Mossy	Vice President	Four Year Term Expires December 2022
Katrina Young	Clerk	Four Year Term Expires December 2024
Michael Allman	Member	Four Year Term Expires December 2024
Vacant	Member	Special Election Called November 2021

ADMINISTRATION

Lucile Lynch
Interim Superintendent

Mark Miller
Deputy Superintendent
Administrative Services

Tina Douglas
Associate Superintendent
Business Services

Bryan Marcus
Associate Superintendent
Educational Services

Cindy Frazee
Associate Superintendent
Human Resources

San Dieguito Union High School District

Schedule of Instructional Time

Year Ended June 30, 2021

Grade Level	Minimum Daily Minutes Offered	Instructional Days Offered Traditional Calendar	J-13A Credited Days	Status
7th Grade	240	180	N/A	Complied
8th Grade	240	180	N/A	Complied
9th Grade	240	180	N/A	Complied
10th Grade	240	180	N/A	Complied
11th Grade	240	180	N/A	Complied
12th Grade	240	180	N/A	Complied

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

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

San Dieguito Union High School District

Schedule of Instructional Time, continued

Year Ended June 30, 2021

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

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

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

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

San Dieguito Union High School District

Schedule of Financial Trends and Analysis

Year Ended June 30, 2021

General Fund	Budget 2022 (See Note 1)	2021	2020	2019
Revenues and Other Financing Sources	\$ 159,163,250	\$ 179,153,060	\$ 151,593,454	\$ 152,065,269
Expenditures and Other Financing Uses	170,123,499	163,603,326	152,167,318	153,486,598
Net Change in Fund Balance	(10,960,249)	15,549,734	(573,864)	(1,421,329)
Ending Fund Balance	<u>\$ 22,228,009</u>	<u>\$ 33,188,258</u>	<u>\$ 17,638,524</u>	<u>\$ 18,212,388</u>
Available Reserves (See Note 2)	<u>\$ 18,019,598</u>	<u>\$ 28,801,386</u>	<u>\$ 12,655,907</u>	<u>\$ 14,391,833</u>
Available Reserves as a Percentage of Total Outgo (See Note 3)	<u>10.59%</u>	<u>17.60%</u>	<u>8.32%</u>	<u>9.38%</u>
Long Term Debt	<u>\$ 549,816,620</u>	<u>\$ 560,781,699</u>	<u>\$ 476,133,627</u>	<u>\$ 535,616,901</u>
Average Daily Attendance at P2 (See Note 4)	<u>12,551</u>	<u>N/A</u>	<u>12,684</u>	<u>12,615</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 \$14,975,870 over the past two years. The fiscal year 2020-21 budget projects a decrease of \$10,960,249. 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 \$25,164,798 over the past two years.

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

Notes:

1. Budget 2022 is included for analytical purposes only and has not been subjected to audit.
2. Available reserves consist of all assigned and unassigned fund balances contained within the general fund.
3. 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, 2021

	General Fund (Fund 01)	Pupil Transportation Equipment Fund (Fund 15)	Special Reserve Fund for Other Than Capital Outlay (Fund 17)
June 30, 2021, annual financial and budget report fund balances	<u>\$ 33,188,258</u>	<u>\$ 50,501</u>	<u>\$ 85,507</u>
Adjustments and reclassifications:			
Increasing (decreasing) the fund balance:			
GASB 54 Fund Presentation	<u>136,008</u>	<u>(50,501)</u>	<u>(85,507)</u>
Net adjustments and reclassifications	<u>136,008</u>	<u>(50,501)</u>	<u>(85,507)</u>
June 30, 2021, audited financial statement fund balances	<u><u>\$ 33,324,266</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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, 2021

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, 2021

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Subrecipient Expenditures	Total Federal Expenditures
CHILD NUTRITION CLUSTER:				
<u>U.S. Department of Agriculture</u>				
Passed through California Department of Education				
Food Service Program	10.559	13006	\$ -	\$ 480,753
Food Service Program - Noncash Commodities	10.559	13396	-	52,679
Total Child Nutrition Cluster			-	533,432
SPECIAL EDUCATION (IDEA) CLUSTER:				
<u>U.S. Department of Education</u>				
Passed through California Department of Education				
IDEA Basic Local Assistance	84.027	13379	-	1,653,833
IDEA Local Assistance - Private Schools	84.027	10015	-	175,812
IDEA Mental Health	84.027	13430	-	148,311
Total Special Education (IDEA) Cluster			-	1,977,956
OTHER PROGRAMS:				
<u>U.S. Department of Treasury</u>				
Passed through California Department of Education				
Coronavirus Relief Fund - Learning Loss Mitigation	21.019	25516	-	3,834,456
<u>U.S. Department of Education</u>				
Passed through California Department of Education				
Title I	84.010	14329	-	573,532
ESSA School Improvement	84.010	15438	-	163,148
Carl Perkins Vocational Education	84.048	14894	-	121,063
Workability II Transition Partnership	84.126	10006	-	209,560
Governor's Education Emergency Relief	84.425C	15517	-	654,596
CARES Act - Elementary and Secondary School Emergency Relief	84.425D	15536	-	560,470
CARES Act - Elementary and Secondary School Emergency Relief II	84.425D	15547	-	2,471,434
CARES Act - Elementary and Secondary School Emergency Relief III	84.425D	15559	-	3,067,103
Title III	84.365	15146	-	62,371
Title IV Student Support Academic Enrichment	84.424	15396	-	38,158
Title II Supporting Effective Instruction	84.367	14341	-	189,011
Total Other Programs			-	11,944,902
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 14,456,290

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, 2021

Basis of Presentation

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

Summary of Significant Accounting Policies

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

Indirect Cost Rate

Indirect costs were calculated in accordance with 2 CFR §200.412 *Direct and Indirect Costs*. The District used an indirect cost rate of 5.55% 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>
Carl Perkins Vocational Education	84.048	5.00%
Title III	84.365	4.54%
Child Nutrition Cluster	10.559	3.29%

Schoolwide Program

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

Personal Protective Equipment (PPE)

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, 2021

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	\$15,157,540
Less: Amounts representing QSCB Interest Subsidy federal funds	<u>(701,250)</u>
Total Federal Expenditures on Schedule of Expenditures of Federal Awards	<u>\$14,456,290</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
Encinitas, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of San Dieguito Union High School District (District), as of and for the year ended June 30, 2021, 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 January 31, 2022.

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 2021-001 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.

Wilkinson Hadley King & Co LLP

El Cajon, California
January 31, 2022

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

To the Board of Education
San Dieguito Union High School District
Encinitas, California

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Wilkinson Hadley King & Co LLP

El Cajon, California
January 31, 2022

Independent Auditor's Report on State Compliance

To the Board of Education
San Dieguito Union High School District
Encinitas, California

Report on State Compliance

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

Management's Responsibility for State Compliance

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

Auditor's Responsibility

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

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

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

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

Opinion on State Compliance

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

Purpose of this Report

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

Wilkinson Hadley King & Co LLP

El Cajon, California
January 31, 2022

Auditor's Results, Findings & Recommendations

San Dieguito Union High School District

Schedule of Auditor's Results

Year Ended June 30, 2021

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

One or more significant deficiencies identified that are not considered material weakness(es)? 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 2021 with
December 2021 Addendum

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	CARES Act Learning Loss Mitigation
84.126	Workability
84.425C	Governor's Emergency Education
84.425D	CARES Act ESSE Relief
84.425D	CARES Act ESSE Relief II
84.425D	CARES Act ESSE Relief III

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

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

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

San Dieguito Union High School District

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

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

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

A. Financial Statement Findings

Finding Number: 2020-001
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 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.

Cause

District management has not been effective in reducing vacation accrual balances over the past few years and, as a result of the corona virus pandemic in the current year, has seen a significant increase in the liability balance.

San Dieguito Union High School District

Schedule of Findings and Questioned Costs, Continued

Year Ended June 30, 2021

Effect

A considerable amount of excess vacation accrual liability has been incurred by the District over the past four years due to the continuing accrual of vacation hours corresponding to an increase in employee hourly rates. Employees have accrued days in excess of the maximum allowed by District policy which continued to increase during the current year due as a result of the corona virus pandemic which continued into the 2020-21 fiscal year.

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.

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 periods and during the current corona virus pandemic.

Views of Responsible Officials

See Corrective Action Plan

B. Federal Awards

None

C. State Award Findings

None

**Board of Trustees**

Michael Allman
Julie Bronstein
Melisse Mossy
Maureen "Mo" Muir
Katrina Young

Superintendent

Dr. Cheryl James-Ward

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

Business Services Division

Tina Douglas, Associate Superintendent

January 31, 2022

To Whom It May Concern:

The accompanying Corrective Action Plan has been prepared as required by the 2020-21 *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 black ink that reads "Tina Douglas". The signature is fluid and cursive.

Tina Douglas
Associate Superintendent, Business Services

San Dieguito Union High School District

Corrective Action Plan

Year Ended June 30, 2021

Financial Statement Findings

Finding Number: 2021-001
Program Name: Vacation Accrual
Contact Person: Dr. Olga West, Associate Superintendent, Human Resources
Anticipated Completion Date: June 30, 2022

Planned Corrective Action: The District has been working diligently over the last fiscal year to reduce the excess vacation balances. The District has notified all managers of the staff members' excess vacation and has shared a Google Document that is updated monthly to reflect vacation use. The managers have worked with employees that have excess vacation in developing a plan for taking the excess days prior to April 30, 2022. In some instances, it has been hard to allow employees to take vacation, as we are always short staffed in the areas of custodians and bus drivers. It has been extremely difficult during the COVID pandemic, as custodians are needed to clean and disinfect in an effort to have safe learning environments for our staff and students. The District has a plan in place that will reduce the vacation liability by June 30, 2022.

San Dieguito Union High School District

Schedule of Prior Year Audit Findings

Year Ended June 30, 2021

Finding/Recommendation	Status	Explanation if Not Implemented
Finding 2020-001 Vacation Accrual In our review of vacation accrual at year end, we noted a significant number of employees exceeded the maximum amount of accrued vacation days as allowed by District policy. In addition, the vacation liability balance has also increased substantially over the past two years as employees are not utilizing vacation hours in a timely manner. Implement procedures that will require all employees to utilize their vacation hours in order to reduce the vacation liability and monitor all employee hours carried over to ensure no employees exceed the maximum carryover vacation days allowed.	Being Implemented	See Current Year Finding