



**PROPOSITION AA  
INDEPENDENT CITIZENS OVERSIGHT  
COMMITTEE MEETING**

**Board of Trustees**

Michael Allman  
Phan Anderson  
Jane Lea Smith  
Rimga Viskanta  
Katrina Young

**Interim Superintendent**

Tina Douglas

**Independent Citizens Oversight Committee (ICOC) Members:**  
Robin Duveen/President, Lucienne McCauley/Representative, Lane Kiefaber/Secretary, Gary Aguirre, Diane Chau, Kevin DeHaan, Amy Flicker

**Supported by the Business Services Division**  
John Addleman, Interim Associate Superintendent

**TUESDAY, MARCH 14, 2023**

**6:00 PM**

**SUNSET HIGH SCHOOL**

**684 REQUEZA ST., ENCINITAS, CALIFORNIA 92024**

*Welcome to the Special Meeting of the Independent Citizens Oversight Committee of the San Dieguito Union High School District.*

This meeting will be held in-person and audio recorded. Members of the public who wish to observe or participate must attend the meeting in-person at 684 Requeza St., Encinitas, California, 92024.

**PUBLIC COMMENTS**

Public comments for special meetings are restricted to items on the agenda before the Committee. Please limit comments to 500 words or less. Members of the public are entitled to comment on an agenda item only once at any meeting. Although the Committee President may seek additional information, participation in debate on any item before the Committee shall be limited to the Committee and staff. The Committee President shall determine the order of speakers.

In the interest of time and order, presentations from the public are limited to two (2) minutes per person, per topic. The total time for agenda and non-agenda items shall not exceed twenty (20) minutes. An individual speaker's allotted time may not be increased by a donation of time from others in attendance.

In accordance with the Brown Act, unless an item has been placed on the published agenda, there shall be no action taken. They may 1) acknowledge receipt of the information, 2) refer to staff for further study, or 3) refer the matter to the next agenda.

**PUBLIC INSPECTION OF DOCUMENTS**

In compliance with Government Code 54957.5, agenda-related documents that have been distributed to the Committee less than 24 hours prior to the Meeting will be available for review on the Committee website, [www.sduhsd.net/ICOC](http://www.sduhsd.net/ICOC) and/or at the district office. Please contact the [Business Services Office](#) for more information.

**CELL PHONES / ELECTRONIC DEVICES**

As a courtesy to all meeting attendees, please set cellular phones and/or electronic devices to silent mode and engage in conversations outside the meeting room.

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In compliance with the Americans with Disabilities Act, if you need special assistance, disability-related modifications, or accommodations, including auxiliary aids or services, in order to participate in the public meetings of the District's Independent Citizens Oversight Committee, please contact the [Business Services Office](#). Notification 72 hours prior to the meeting will enable the staff to make reasonable arrangements to ensure accommodation and accessibility to this meeting. Upon request, the staff shall also make available this agenda and all other public records associated with the meeting in appropriate alternative formats for persons with a disability.

MEETING OF THE INDEPENDENT CITIZENS OVERSIGHT COMMITTEE  
OF THE SAN DIEGUITO UNION HIGH SCHOOL DISTRICT

SPECIAL MEETING

AGENDA

TUESDAY, MARCH 14, 2023  
6:00 PM

SUNSET HIGH SCHOOL  
684 REQUEZA ST., ENCINITAS, CALIFORNIA 92024

**PRELIMINARY FUNCTIONS** ..... (ITEMS 1-4)

1. CALL TO ORDER ..... 6:00 PM  
\*WELCOME / MEETING PROTOCOL REMARKS ..... COMMITTEE PRESIDENT
2. PLEDGE OF ALLEGIANCE
3. APPROVAL OF MINUTES / JANUARY 17, 2023 REGULAR MEETING
4. PUBLIC COMMENTS  
In accordance with the Brown Act, unless an item has been placed on the published agenda, there shall be no action taken. The Committee may 1) acknowledge receipt of the information, 2) refer to staff for further study, or 3) refer the matter to the next agenda. (See Agenda Cover Sheet)

**INFORMATION ITEMS** ..... (ITEMS 5-6)

5. STAFF UPDATE ..... JOHN ADDLEMAN
6. REVIEW OF THE 2021/22 PROP AA ANNUAL AUDIT ..... WILKINSON HADLEY KING & CO. LLP

**DISCUSSION / ACTION ITEMS** ..... (ITEMS 7-9)

7. DRAFTING AND APPROVAL OF ICOC 2022 ANNUAL REPORT ..... ROBIN DUVEEN
  - Moved by \_\_\_\_\_, second by \_\_\_\_\_, to approve the Prop AA Independent Citizens Oversight Committee 2022 Annual Report, in substantially the form being presented, subject to any corrections, as needed.
8. FUTURE AGENDA ITEMS
  - Election/Nomination of Officers – April 18<sup>th</sup>
  - Establishment of 23/24 Meeting Schedule – April 18<sup>th</sup>
9. MEETING ADJOURNMENT

*The next regularly scheduled Independent Citizens Oversight Committee meeting will be held in person on Tuesday, April 18, 2023, at 6:00 PM. Location TBD.*



**SPECIAL MEETING MINUTES  
OF THE  
INDEPENDENT CITIZENS OVERSIGHT  
COMMITTEE MEETING OF THE  
SAN DIEGUITO UNION HIGH SCHOOL DISTRICT**

**Board of Trustees** Item 3  
Michael Allman  
Phan Anderson  
Jane Lea Smith  
Rimga Viskanta  
Katrina Young  
  
**Interim Superintendent**  
Tina Douglas

**Independent Citizens Oversight Committee Members:**  
Robin Duveen/President, Lane Kiefaber/Secretary, Gary Aguirre, Diane Chau, Kevin DeHaan, Amy Flicker, Lucienne McCauley

**Supported by the Business Services Division**

**TUESDAY, JANUARY 17, 2023  
6:00 PM**

**SUNSET HIGH SCHOOL  
684 REQUEZA ST., ENCINITAS, CALIFORNIA 92024**

**ATTENDANCE**

**COMMITTEE MEMBERS**

Gary Aguirre (absent)	Amy Flicker (absent)
Diane Chau (absent)	Lane Kiefaber
Kevin DeHaan	Lucienne McCauley
Robin Duveen	

**PRELIMINARY FUNCTIONS ..... (ITEMS 1 - 4)**

1. CALL TO ORDER ..... 6:00 PM  
The meeting was called to order at 6:03 PM by Mr. Duveen.
2. PLEDGE OF ALLEGIANCE  
  
Mr. Duveen led the Pledge of Allegiance.
3. APPROVAL OF MINUTES / NOVEMBER 10, 2022 REGULAR MEETING  
Motion by Ms. Keifaber, second by Ms. McCauley to approve the minutes of the November 10, 2022 Special Meeting, as shown in the attached supplements.
4. PUBLIC COMMENTS  
No public comments were received.

**INFORMATION ITEMS ..... (ITEMS 5 - 6)**

5. STAFF REPORT ..... TINA DOUGLAS  
  
Ms. Douglas gave updates about committee terms that will be ending in April 2023. The District will begin recruiting to fill the vacancies for Taxpayer Representative, Parent Active in a SDUHSD Parent Org., Parent of a SDUHSD Student, and potentially three at-large members. The Board will be involved in screening applications, and then we will begin setting up interviews.

In compliance with the Americans with Disabilities Act, if you need special assistance, disability-related modifications, or accommodations, including auxiliary aids or services, in order to participate in the public meetings of the District's Independent Citizens Oversight Committee, please contact the [Business Services Office](#). Notification 72 hours prior to the meeting will enable the staf to make reasonable arrangements to ensure accommodation and accessibility to this meeting. Upon request, the staff shall also make available this agenda and all other public records associated with the meeting in appropriate alternative formats for persons with a disability.

Ms. Douglas also shared updates of the District working on the new superintendent search. The Board will be selecting to work with a search firm and will do so in January/February. The notion is to have a new superintendent will be placed by the start of the school year.

6. PROJECT & BUDGET REPORT ..... MIKE COY / DAN YOUNG / JOHN ADDLEMAN

Review of Presentation ..... JOHN ADDLEMAN

John Addleman gave updates to projects across the District. Mike Coy gave updates on Camel Valley entrance has been completed and look great! There are also large on-going projects at TPHS for the art classrooms and gym. There were no change orders requested.

Daniel Young gave updates about modernization projects in planning including parking lot at SDA, Diegueno buildings and Cougar hall and some technology improvements at Carmel Valley and Diegueno. There are also upcoming projects at La Costa Canyon’s fitness complex and Torrey Pines athletic center, and SDA locker room will be modernized as well. Lastly, there will be some improvements at the LCV Sports Complex planned for summer 2024.

**DISCUSSION/ACTION ITEMS** ..... (ITEMS 7 - 8)

7. ELECTION OF REPRESENTATIVE

Motion by Ms. Kiefaber, second by Mr. DeHaan to elect Lucienne McCauley as the committee representative. Ayes: Kiefaber, DeHaan, McCauley, Duveen; Noes: None

8. ESTABLISHMENT OF AD HOC COMMITTEE

Mr. Duveen established the ad hoc committee consisting of Lucienne McCauley, Kevin DeHaan, and Robin Duveen. Ayes: Kiefaber, DeHaan, McCauley, Duveen; Noes: None

9. REVIEW OF 2021 ANNUAL REPORT

The committee briefly reviewed the previous year’s annual report in preparation to create the 2022 report.

10. FUTURE AGENDA ITEMS

2022 Audit Review and upcoming Annual Report

11. MEETING ADJOURNMENT

Meeting adjourned at 7:11 PM.

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\_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

ROBIN DUVEEN, PRESIDENT

\_\_\_\_\_

\_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

JOHN ADDLEMAN, INTERIM ASSOCIATE SUPERINTENDENT, BUSINESS SERVICES

*The next regularly scheduled Independent Citizens Oversight Committee meeting will be held on March 14, 2023 at 6:00 PM. Location TBD.*

# San Dieguito Union High School District

## INFORMATION REGARDING ICOC AGENDA ITEM

**TO:** INDEPENDENT CITIZENS OVERSIGHT  
COMMITTEE

**DATE OF REPORT:** March 14, 2023

**ICOC MEETING DATE:** March 14, 2023

**PREPARED BY:** Dawn Campbell, Director of Fiscal Services  
Daniel Young, Exec. Director of Planning Svcs

**SUBMITTED BY:** John Addleman, Assoc. Supt. of Business Svcs

**SUBJECT:** REVIEW OF THE 2022 ANNUAL PROPOSITION AA  
BUILDING FUND AUDIT REPORT

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### EXECUTIVE SUMMARY

In November 2012, the San Dieguito community approved the passage of Proposition AA, a General Obligation Bond initiative. Proposition 39 General Obligation bonds require an independent performance audit to ensure that funds have been expended only on the specific purposes listed in the ballot measure and a financial audit of the bond proceeds. The audit also includes an evaluation of procedures including internal controls and the formation, composition and purpose of the Independent Citizens Oversight Committee.

The District entered into an agreement for the annual Proposition AA audit with Wilkinson Hadley King & Co. LLP – Certified Public Accountants. The audit has been completed in accordance with state law. Wilkinson Hadley King & Co. LLP, now presents the audit report for your review and acceptance.

Findings and recommendations are noted on page 36 of the audit report. The report does not contain any negative findings or identify any material weaknesses in the District's internal controls. In addition, review of the Proposition AA procedures and Independent Citizens Oversight Committee compliance requirements revealed no areas of noncompliance.

The Proposition AA audit report will be presented to the Board of Trustees for their review and acceptance at its regularly scheduled meeting on April 20, 2023.

### RECOMMENDATION:

It is recommended that the Committee review the 2022 annual Proposition AA Building Fund audit of the San Dieguito Union High School District, as prepared by Wilkinson Hadley King & Co. LLP, as shown in the attached supplement.



San Dieguito Union High  
School District

Measure AA Building Fund  
General Obligation Bond

Financial Statements &  
Performance Audit

June 30, 2022



WILKINSON HADLEY  
KING & CO. LLP  
CPAs AND ADVISORS



**San Dieguito Union High School District  
Measure AA Building Fund (Fund 21-39)**

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June 30, 2022

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## San Dieguito Union High School District Measure AA Building Fund (Fund 21-39) Introduction & Citizens' Oversight Committee Member Listing

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On November 6, 2012, the San Dieguito Union High School District was successful under Proposition AA in obtaining District voters to issue up to \$449,000,000 in General Obligation Bonds pursuant to a 55% vote in a bond election. The General Obligation Bonds are considered Proposition 39 bonds. The passage of Proposition 39 in November 2000 amended the California Constitution to include accountability measures. Specifically, the District must conduct an annual, independent performance audit to ensure that funds have been expended only on the specific projects listed as well as an annual, independent audit of the proceeds from the sale of the bonds until all of the proceeds have been expended.

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

The San Dieguito Union High School District Citizens' Oversight Committee consisted of the following members as of June 30, 2022:

<u>Name</u>	<u>Representative</u>	<u>Term Expiration</u>
Robin Duveen	President-Taxpayer Association Member	April 2023
Lakshmi Kommi	Secretary-At-Large Member	April 2023
Lane Macy Kiefaber	Business Organization Member	April 2023
Luciene McCauley	Senior Organization Member	April 2023
Amy Flicker	Active Teacher-Parent Organization Member	April 2023
Gary Aguirre	Parent of SDUHSD Student Member	April 2023
Diane Chau	At-Large Member	April 2023
Kevin DeHaan	At-Large Member	April 2023





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

## Independent Auditor's Report

**To the Citizens' Oversight Committee  
San Dieguito Union High School District  
Measure AA Building Fund (Fund 21-39)  
Encinitas, California**

### **Opinion**

We have audited the accompanying financial statements of the San Dieguito Union High School District's Measure AA Building Fund (Fund 21-39), which comprise the balance sheet as of June 30, 2022, and the related statement of revenues, expenditures, and changes in fund balance for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance of the Bond Fund as of June 30, 2022, and the revenues it received and expenditures it paid for the year then ended, in accordance with the financial reporting provisions of Proposition 39 described in Note A.

### **Basis for Opinion**

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

### **Emphasis of Matter – Basis of Accounting**

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared by the San Dieguito Union High School District using the modified accrual basis of accounting for the fund, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements under Proposition 39. Additionally, the financial statements present only the Bond Fund which is specific to Measure AA and is not intended to present fairly the financial position and results of operations of the San Dieguito Union High School District as a whole. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

### **Emphasis of Matter – Going Concern**

The accompanying financial statements have been prepared assuming that the Bond Fund will continue as a going concern. As discussed in Note A to the financial statements, the purpose of the Bond Fund is to issue general obligation bonds authorized under Measure AA and to complete capital projects utilizing the funds authorized. The final issuance of bond funds occurred during the year ended June 30, 2022, with no remaining authorizations available for issue. If the Bond Fund expends the remaining funds within 12 months of the financial statement date, the Bond Fund will close down and no longer continue. Given that the intent of the Bond Fund is to fulfill this purpose, management plans to discontinue operations of the Bond Fund once the funds have been fully expended.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions for fund accounting under the modified accrual basis of accounting, as described in Note A. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022, on our consideration of the Bond Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bond Fund'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 Bond Fund's internal control over financial reporting and compliance.

## **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of Proposition 39, as incorporated in California Constitution Article 13A, we have also issued our performance audit report dated December 15, 2022, on our consideration of the Bond Fund's compliance with the requirements of Proposition 39 with regards to the Measure AA Building Fund (Fund 21-39). That report is an integral part of our audit of the Measure AA Building Fund (Fund 21-39) for the fiscal year ended June 30, 2022, and should be considered in assessing the results of our financial audit.

## **Other Information**

Management is responsible for the other information included in the introductory section of this report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## **Restriction on Use**

This report is intended solely for the information and use of management, the Citizens' Oversight Committee, the Board of Education, and others within the San Dieguito Union High School District, and is not intended to be and should not be used by anyone other than these specified parties.

El Cajon, California  
March 13, 2023

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT**  
**MEASURE AA BUILDING FUND (FUND 21-39)**  
 MANAGEMENT’S DISCUSSION AND ANALYSIS  
 JUNE 30, 2022  
 (Unaudited)

This section of San Dieguito Union High School District's (SDUHSD) annual financial report presents management's discussion and analysis of the SDUHSD's Measure AA bond performance during the year ending June 30, 2022. The management's discussion and analysis are required as a new element of the reporting model established by the Governmental Accounting Standards Board (GASB) in Statement Number 34. The district's financial statements follow this section.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

The District accounts for Proposition AA General Obligation Bond activity in the District’s Building Fund. The Building Fund is a governmental fund type accounted for on a modified accrual basis of accounting that does not include fixed assets or long-term liabilities.

On November 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 bonds were issued in May 2018, in the amount of \$25.0 million. The latest series were issued in June 2021, in the amount of \$85.0 million, completing the Proposition AA bond issuance of \$449 million. The District currently has \$424.3 million outstanding in general obligation bonds, as of June 30, 2022.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for 2021 are as follows:

- The fund balance for Proposition AA Building Fund is \$85.2 million, as of June 30, 2022, which is \$7.2 million less than June 30, 2021, as the final Prop AA bond series issuance was completed, and projects continue.
- Revenues consisted of other state income, interest earned, fair market value adjustment (discussed later in this report in the Notes to Financial Statements, Note C and Note D), and other local income (including reimbursements). Revenue totaled (\$1.9 million) as of June 30, 2022, as compared to \$544,580 as of June 30, 2021
- Expenditures and other outgo as of June 30, 2022, totaled \$5.3 million, as compared to \$7.5 million in June 30, 2021.

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT**  
**MEASURE AA BUILDING FUND (FUND 21-39)**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
JUNE 30, 2022  
(Unaudited)

The District's Proposition AA Building Fund balance as of June 30, 2022, was \$85.2 million (see Table A-1 below).

<b>Table A-1</b>				
<b>Measure AA Building Fund</b>				
<b>Balance Sheet</b>				
	June 30,		Change	Percentage Change
	2022	2021		
<b>Assets</b>				
Cash	\$ 85,042,388	\$ 91,455,264	\$ (6,412,876)	-7%
Accounts receivable	198,539	47,383	151,156	319%
Due from other funds	2,221	-	2,221	100%
Total Assets	<u>\$ 85,243,148</u>	<u>\$ 91,502,647</u>	<u>\$ (6,259,499)</u>	<u>-7%</u>
<b>Liabilities</b>				
Accounts payable	\$ 1,029,002	\$ 38,040	\$ 990,962	2605%
Due to other funds	-	2,830	(2,830)	-100%
Total Liabilities	<u>1,029,002</u>	<u>40,870</u>	<u>988,132</u>	<u>2418%</u>
<b>Fund Balance</b>				
Restricted for capital projects	84,211,925	91,461,777	(7,249,852)	-8%
Total Fund Balance	<u>84,211,925</u>	<u>91,461,777</u>	<u>(7,249,852)</u>	<u>-8%</u>
Total Liabilities & Fund Balance	<u>\$ 85,240,927</u>	<u>\$ 91,502,647</u>	<u>\$ (6,261,720)</u>	<u>-7%</u>

### Fund Balance

The interest income reported represents funds earned on the cash held by the San Diego County Treasurer. The total expenditures of \$4.6 million are only for Proposition AA voter authorized expenses (see Table A-2 below).

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT**  
**MEASURE AA BUILDING FUND (FUND 21-39)**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
JUNE 30, 2022  
(Unaudited)

<b>Table A-2</b>				
<b>Measure AA Building Fund</b>				
<b>Changes in Fund Balance</b>				
	Year Ended June 30,		Change	Percentage Change
	2022	2021		
<b>Revenues &amp; Other Sources</b>				
Other state income	16,403	15,493	910	6%
Interest and investment income	\$ 641,900	\$ 133,066	\$ 508,834	382%
Fair market value adjustment	(2,534,797)	380,311	(2,915,108)	-767%
Other local income	13,749	15,710	(1,961)	-12%
Total Revenues & Other Sources	<u>(1,862,745)</u>	<u>544,580</u>	<u>(2,406,274)</u>	<u>-442%</u>
<b>Expenditures &amp; Other Uses</b>				
Classified salaries	725,623	725,534	89	0%
Employee benefits	282,112	265,631	16,481	6%
Rent & leases	615	37,166	(36,551)	-98%
Computer licensing	11,212	11,212	-	0%
Capital outlay:				
Land improvements	203,534	159,415	44,119	28%
New construction	1,670,867	4,509,815	(2,838,948)	-63%
Construction improvements	930,938	779,494	151,444	19%
Equipment	61,973	610,022	(548,049)	-90%
Technology equipment	734,644	432,571	302,073	70%
Total Expenditures & Other Uses	<u>4,621,518</u>	<u>7,530,860</u>	<u>(2,909,342)</u>	<u>-39%</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from series E bonds	-	84,960,000	-	0%
Proceeds from refunding bonds	-	32,600,000	-	0%
Debt service principal	-	(27,860,000)	-	0%
Debt service interest	-	(4,449,157)	-	0%
Series E bond premium	-	4,611,191	-	0%
Transfer to bond interest and redemption fund	-	(4,148,027)	-	0%
Cost of issuance	-	(782,723)	-	0%
Interfund transfer to general fund	(765,589)	(765,589)	-	0%
Total Financing Sources (Uses)	<u>(765,589)</u>	<u>84,165,695</u>	<u>(84,931,284)</u>	<u>-101%</u>
<b>Change in Fund Balance</b>	(7,249,852)	77,179,415	503,068	1%
<b>Fund Balance - Beginning</b>	<u>91,461,777</u>	<u>14,282,362</u>	<u>77,179,415</u>	<u>100%</u>
<b>Fund Balance - Ending</b>	<u>\$ 84,211,925</u>	<u>\$ 91,461,777</u>	<u>\$ (7,249,852)</u>	<u>-8%</u>

**SAN DIEGUITO UNION HIGHSCHOOL DISTRICT**  
**MEASURE AA BUILDING FUND (FUND 21-39)**  
 MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)  
 JUNE 30, 2022  
 (Unaudited)

**LONG TERM DEBT**

At the end of the year, San Dieguito Union High School District had \$431,325,000 in long-term debt outstanding. This is a decrease of \$(7,040,000) from the prior year, reflecting the final bond series issuance.

<b>Table A-3</b>				
<b>Measure AA Building Fund</b>				
<b>Long Term Debt</b>				
	Year Ended June 30,		Change	Percentage Change
	2022	2021		
<b>General Obligation Bonds Payable</b>				
Due within one year	\$ 7,875,000	7,040,000	\$ 835,000	12%
Due in more than one year	416,410,000	424,285,000	(7,875,000)	-2%
Total Measure AA GO Bonds Payable	<u>\$ 424,285,000</u>	<u>\$ 431,325,000</u>	<u>\$ (7,040,000)</u>	<u>-2%</u>

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

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

- Inflation increases in building costs during construction.

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

Therese Doyle  
 Construction & Facilities Project Coordinator  
 San Dieguito Union High School District  
 625 N. Vulcan Ave  
 Encinitas, CA 92024

## Financial Statements



**San Dieguito Union High School District  
Measure AA Building Fund (Fund 21-39)**

Balance Sheet  
June 30, 2022

**ASSETS**

**Current Assets**

Cash in county treasury	\$ 85,042,388
Accounts receivable	196,318
Due from other funds	2,221
<b>Total Current Assets</b>	<u>85,240,927</u>

<b>TOTAL ASSETS</b>	<u><u>\$ 85,240,927</u></u>
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**LIABILITIES AND FUND BALANCE**

**Current Liabilities**

Accounts payable	\$ 1,029,002
<b>Total Current Liabilities</b>	<u>1,029,002</u>

<b>Total Liabilities</b>	<u>1,029,002</u>
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**Fund Balance**

Restricted for capital projects	84,211,925
<b>Total Fund Balance</b>	<u>84,211,925</u>

<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 85,240,927</u></u>
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The accompanying notes to the financial statements are an integral part of this statement.

**San Dieguito Union High School District**  
**Measure AA Building Fund (Fund 21-39)**

Statement of Revenues, Expenditures, and Changes in Fund Balance  
 For the Year Ended June 30, 2022

<b>REVENUES</b>	
Other state income	16,403
Interest income	\$ 641,900
FMV adjustment	(2,534,797)
Other local revenue	13,749
<b>TOTAL REVENUES</b>	<u>(1,862,745)</u>
<b>EXPENDITURES</b>	
Current operating expenses:	
Classified salaries	725,623
Employee benefits	282,112
Rent & leases	615
Computer licensing	11,212
Capital outlay:	
Land improvements	203,534
New construction	1,670,867
Construction improvements	930,938
Equipment	61,973
Technology equipment	734,644
<b>TOTAL EXPENDITURES</b>	<u>4,621,518</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(6,484,263)
<b>OTHER SOURCES AND USES</b>	
Intefurnd transfer to general fund	<u>(765,589)</u>
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>(765,589)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(7,249,852)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>91,461,777</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 84,211,925</u>

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

## San Dieguito Union High School District Measure AA Building Fund (Fund 21-39)

Notes to the Financial Statements

For the Year Ended June 30, 2022

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### A. Summary of Significant Accounting Policies

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

#### 1. Reporting Entity

The Bond Fund was formed to account for renovation of schools for San Dieguito Union High School District (District), through expenditures of general obligation bonds issued under Measure AA, authorized by registered voters on November 8, 2016.

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

#### 2. Basis of Accounting – Measurement Focus

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

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

## San Dieguito Union High School District Measure AA Building Fund (Fund 21-39)

Notes to the Financial Statements, Continued

June 30, 2022

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### 3. Encumbrances

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

### 4. Budgets and Budgetary Accounting

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

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

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

### 5. Revenues and Expenses

#### a. Revenues – Exchange and Non-Exchange

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

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

**San Dieguito Union High School District**  
**Measure AA Building Fund (Fund 21-39)**

Notes to the Financial Statements, Continued  
June 30, 2022

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b. Expenditures

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

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

a. Deposits and Investments

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

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

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

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

b. Interfund Activity

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

## San Dieguito Union High School District Measure AA Building Fund (Fund 21-39)

Notes to the Financial Statements, Continued

June 30, 2022

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### c. Fund Balances – Governmental Funds

Fund balances of the Bond Fund are classified as follows:

*Nonspendable Fund Balance* represents amounts that cannot be spent because they are either not 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 Measure AA Building Fund (Fund 21-39)

Notes to the Financial Statements, Continued  
June 30, 2022

## 7. Use of Estimates

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

## 8. Fair Value Measurements

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

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

## 9. New Accounting Pronouncements

The District has adopted accounting policies compliant with new pronouncements issued by the Government Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2022. Those newly implemented pronouncements are as follows:

Description	Date Issued
<b>GASB Statement 87, Leases</b>	06/2017
<b>GASB Statement 89, Accounting for Interest Cost Incurred before the End of a Construction Period</b>	06/2018
<b>GASB Statement 92, Omnibus 2020</b>	01/2020
<b>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</b>	06/2020
<b>GASB Statement 98, The Annual Comprehensive Financial Report</b>	10/2021
<b>GASB Implementation Guide No. 2019-3, Leases</b>	08/2019
<b>GASB Implementation Guide No. 2020-1, Implementation Guidance Update – 2020</b>	04/2020
<b>GASB Implementation Guide No. 2021-1, Implementation Guidance Update – 2021 (Applicable portions to the 2021-22 fiscal year)</b>	05/2021

The District has implemented the policies necessary to comply with these pronouncements and implementation guides. The implementation of these items did not result in a change to financial presentation for the Measure AA Building Fund (Fund 21-39).

**San Dieguito Union High School District  
Measure AA Building Fund (Fund 21-39)**

Notes to the Financial Statements, Continued  
June 30, 2022

10. Going Concern

The financial statements have been prepared on a going concern basis, which assumes the Bond Fund will be able to realize its assets and settle its liabilities in the normal course of business for the foreseeable future.

During the 2021-22 fiscal year, the Bond Fund issued the final authorized issuance under Measure AA. The only additional revenue anticipated in the Bond Fund are small amounts of interest earnings. The Bond Fund may expend in full the remaining fund balance within twelve months of the financial statement date, or shortly thereafter. These conditions raise substantial doubt about the Bond Fund’s ability to continue operating as it has in the past.

Due to the nature of the Bond Fund, the District plans to close Measure AA Bond Fund operations upon completion of final expenditures of the remaining funds.

**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



**San Dieguito Union High School District**  
**Measure AA Building Fund (Fund 21-39)**

Notes to the Financial Statements, Continued

June 30, 2022

**C. Fair Value Measurements**

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

	Amount	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
External investment pools measured at fair value				
San Diego County Treasury	\$ 85,042,388	\$ -	\$ 85,042,388	\$ -
Total investments by fair value level	\$ 85,042,388	\$ -	\$ 85,042,388	\$ -

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

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

**D. Cash and Investments**

1. Cash in County Treasury

In accordance with Education Code §41001, the Bond Fund maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool (\$87,196,874 as of June 30, 2022). The fair value of the Bond Fund’s portion of this pool as of that date, as provided by the pool sponsor, was \$85,042,388. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

**San Dieguito Union High School District**  
**Measure AA Building Fund (Fund 21-39)**

Notes to the Financial Statements, Continued  
June 30, 2022

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

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

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

**San Dieguito Union High School District  
Measure AA Building Fund (Fund 21-39)**

Notes to the Financial Statements, Continued  
June 30, 2022

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

At June 30, 2022, credit risk for the Bond Fund’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	\$ 85,042,388

b. Custodial Credit Risk

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

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

At June 30, 2022, the Bond Fund was not exposed to custodial credit risk.

## San Dieguito Union High School District Measure AA Building Fund (Fund 21-39)

Notes to the Financial Statements, Continued

June 30, 2022

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c. Concentration of Credit Risk

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

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Bond Fund maintains pooled investments with the San Diego County Treasury with a fair value of \$85,042,388. The average weighted maturity for this pool was 538 days at June 30, 2022.

e. Foreign Currency Risk

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

4. Investment Accounting Policy

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

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

**San Dieguito Union High School District  
Measure AA Building Fund (Fund 21-39)**

Notes to the Financial Statements, Continued  
June 30, 2022

**E. Accounts Receivable**

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

	<u>Accounts Receivable</u>
Interest receivable	\$ 196,318
Total Accounts Receivable	<u>\$ 196,318</u>

**F. Accounts Payable**

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

	<u>Account Payable</u>
Vendor payables	\$ 1,029,002
Total Accounts Payable	<u>\$ 1,029,002</u>

**G. Interfund Balances and Activities**

Interfund transfers balances as of June 30, 2022, consisted of:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Bond Fund-Measure AA	765,589	Reimburse expenditures
	Total	<u>\$ 765,589</u>	

The amount transferred to the General Fund represents the portion of lease principal payment due on the solar facilities project in accordance with the authorized purpose under the facility lease agreement with the San Dieguito Public Facilities Financing Authority in conjunction with the Bond Project List as listed in the full text of the Proposition AA Ballot Measure.

Due to and due from other funds as of June 30, 2022, are as follows:

<u>Interfund Receivable (Due From Other Funds)</u>	<u>Interfund Payable (Due To Other Funds)</u>	<u>Amount</u>	<u>Purpose</u>
Bond Fund - Measure AA	General Fund	2,221	Reimburse expenditures
	Total	<u>\$ 2,221</u>	

The amount due to the General Fund represents a cost reimbursement and the portion of OPEB contribution and transfer attributed to Building Fund (21-39).

## San Dieguito Union High School District Measure AA Building Fund (Fund 21-39)

Notes to the Financial Statements, Continued

June 30, 2022

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### H. Short Term Debt Activity

The Bond Fund accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as other financing sources. The Bond Fund did not issue any short-term debt during the fiscal year ended June 30, 2022.

### I. General Obligation Bonds

#### The 2013 General Obligation Bonds

In April 2013, the District issued \$2,320,000 taxable, 2012 Election, Series A-1, General Obligation Bonds and \$157,680,000 tax-exempt, 2012 Election, Series A-2 General Obligation Bonds. The issue consisted of \$93,035,000 of current interest bonds with interest rates ranging from 1.00% to 5.00% with annual maturities from August 2014 through August 2033 and \$66,965,000 in a term bond with an interest rate of 4.00% with an annual maturity date of August 1, 2038. Interest on the bonds accrues from the date of delivery and is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2014. The bonds were authorized at an election of the registered voters held on November 6, 2012 at which 55% or more of the persons voting on the proposition voted to authorize the issuance and sale of bonds in order to finance specific construction, acquisition and modernization projects approved by the voters including lease payments with respect to such facilities in addition to purchasing the San Dieguito Public Facilities Authority's interest in, and pay and prepay lease payments due on the Torrey Pines High School Projects.

#### 2015 General Obligation Bonds

In April 2015, the District issued \$7,010,000 taxable, 2012 Election, Series B-1, General Obligation Bonds and \$110,030,000 tax-exempt, 2012 Election, Series B-2 General Obligation Bonds. The issue consisted of \$61,050,000 of current interest bonds with interest rates ranging from 0.60% to 4.50% with annual maturities from August 2016 through August 2036 and \$55,990,000 in a term bond with an interest rate of 4.00% with an annuity maturity date of February 1, 2040. Interest on the bonds accrues from the date of delivery and is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2016. The bonds were authorized at an election of the registered voters held on November 6, 2012 at which 55% or more of the persons voting on the proposition voted to authorize the issuance and sale of the bonds in order to finance specific construction, acquisition and modernization projects approved by the voters including lease payments with respect to such facilities in addition to purchasing the San Dieguito Public Facilities Authority's interest in and pay and prepay lease payments due on the Torrey Pines High School Projects.

#### 2016 General Obligation Bonds

In July 2016, the District issued \$795,000 taxable, 2012 Election, Series C-1, General Obligation Bonds and \$61,205,000 tax-exempt, 2012 Election, Series C-2 General Obligation Bonds. The issue consisted of \$14,000,000 of current interest bonds with interest rates ranging from 0.80% to 4.75% with annual maturities from August 2017 through August 2036 and \$48,000,000 in a term bond with an interest rate of 4.00% with an annuity maturity date of February 1, 2041. Interest on the bonds accrues from the date of delivery and is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2017. The bonds were authorized at an election of the registered voters held on November 6, 2012 at which 55% or more of the persons voting on the proposition voted to authorize the issuance and sale of the bonds in order to finance specific construction,

## San Dieguito Union High School District Measure AA Building Fund (Fund 21-39)

Notes to the Financial Statements, Continued  
June 30, 2022

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acquisition and modernization projects approved by the voters including lease payments with respect to such facilities in addition to purchasing the San Dieguito Public Facilities Authority's interest in and pay and prepay lease payments due on the Torrey Pines High School Projects.

### 2018 General Obligation Bonds

In May 2018, the District issued \$3,100,000 taxable, 2012 Election, Series D-1, General Obligation Bonds and \$21,900,000 tax-exempt, 2012 Election, Series D-2 General Obligation Bonds. The issue consisted of \$25,000,000 of current interest bonds with interest rates ranging from 2.59% to 4.00% with annual maturities from August 2019 through August 2042. Interest on the bonds accrues from the date of delivery and is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2019. The bonds were authorized at an election of the registered voters held on November 6, 2012 at which 55% or more of the persons voting on the proposition voted to authorize the issuance and sale of the bonds in order to finance specific construction, acquisition and modernization projects approved by the voters including lease payments with respect to such facilities in addition to purchasing the San Dieguito Public Facilities Authority's interest in and pay and prepay lease payments due on the Torrey Pines High School Projects.

### 2020 General Obligation Bonds

In May 2020, the District issued \$145,285,000 General Obligation Refunding Bonds. The general obligation refunding bonds bear fixed interest rates of 1.07% to 2.85% with annual maturities from August 2020 through August 2038. Interest is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2020. The proceeds of \$145,285,000 were used to partially refund \$128,250,000 of the District's outstanding 2012 Election, Series A-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. The net proceeds of \$144,600,000 (after issuance costs of \$685,000) was deposited into a separate escrow fund for the partial refunding of the 2012 Election, Series A-2 Tax Exempt Bonds. The partial refunding of the 2012 Election, Series A-2 Tax Exempt Bonds will occur on the call date of August 1, 2023.

The maturity value of the old debt amounted to \$128,250,000 with the face value of the new debt at \$145,285,000, which resulted in a loss on refunding of \$17,035,000. The refunding decreased the debt service payments by \$11,356,166 and resulted in a calculated economic gain to the District of \$7,503,342.

### 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.

## **San Dieguito Union High School District Measure AA Building Fund (Fund 21-39)**

Notes to the Financial Statements, Continued

June 30, 2022

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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.

General obligation bonds under Measure AA for the fiscal year ended June 30, 2022, consisted of the following:



# San Dieguito Union High School District Measure AA Building Fund (Fund 21-39)

Notes to the Financial Statements, Continued

June 30, 2022

	Date of Issue	Interest Rate	Maturity Date	Original Issue Amount	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
2012 Election Series A	03/27/13	1.00-5.00%	08/01/38						
Principal				\$157,680,000	\$ 11,970,000	-	\$ 2,190,000	\$ 9,780,000	\$ 2,685,000
Premium				8,336,717	632,868	-	115,788.00	517,080.00	141,959.00
Total General Obligation Bonds				<u>\$166,016,717</u>	<u>\$ 12,602,868</u>	<u>-</u>	<u>\$ 2,305,788</u>	<u>\$ 10,297,080</u>	<u>\$ 2,826,959</u>
2012 Election Series B	04/15/15	3.00-4.50%	02/01/40						
Principal				\$110,030,000	\$ 76,570,000	-	-	\$ 76,570,000	-
Premium				6,379,386	4,439,422	-	-	4,439,422.00	-
Total General Obligation Bonds				<u>\$116,409,386</u>	<u>\$ 81,009,422</u>	<u>-</u>	<u>-</u>	<u>\$ 81,009,422</u>	<u>-</u>
2012 Election Series C	06/28/16	3.00-4.75%	08/01/41						
Principal				\$ 61,205,000	\$ 61,205,000	-	-	\$ 61,205,000	-
Premium				2,970,848	2,970,848	-	-	2,970,848	-
Total General Obligation Bonds				<u>\$ 64,175,848</u>	<u>\$ 64,175,848</u>	<u>-</u>	<u>-</u>	<u>\$ 64,175,848</u>	<u>-</u>
2012 Election Series D	05/16/18	3.00-4.00%	08/01/42						
Principal				\$ 21,900,000	\$ 20,640,000	-	\$ 2,455,000	\$ 18,185,000	-
Premium				939,590	885,531	-	105,328	780,203	-
Total General Obligation Bonds				<u>\$ 22,839,590</u>	<u>\$ 21,525,531</u>	<u>-</u>	<u>\$ 2,560,328</u>	<u>\$ 18,965,203</u>	<u>-</u>
Refunding Bonds 2020	05/12/20	1.066-2.852%	08/01/38						
Principal				\$145,285,000	\$143,380,000	-	\$ 1,945,000	\$141,435,000	\$ 1,970,000
Total General Obligation Bonds				<u>\$145,285,000</u>	<u>\$143,380,000</u>	<u>-</u>	<u>\$ 1,945,000</u>	<u>\$141,435,000</u>	<u>\$ 1,970,000</u>
Refunding Bonds 2021	06/09/21	0.145-2.484%	08/01/36						
Principal				\$ 32,600,000	\$ 32,600,000	-	\$ 450,000	\$ 32,150,000	\$ 425,000
Total General Obligation Bonds				<u>\$ 32,600,000</u>	<u>\$ 32,600,000</u>	<u>-</u>	<u>\$ 450,000</u>	<u>\$ 32,150,000</u>	<u>\$ 425,000</u>
2012 Election Series E-1 Taxable	06/09/21	0.175-0.275%	08/01/23						
Principal				\$ 4,345,000	\$ 4,345,000	-	-	\$ 4,345,000	\$ 2,170,000
Total General Obligation Bonds				<u>\$ 4,345,000</u>	<u>\$ 4,345,000</u>	<u>-</u>	<u>-</u>	<u>\$ 4,345,000</u>	<u>\$ 2,170,000</u>
2012 Election Series E-2 Tax Exempt	06/09/21	1.250-4.00%	08/01/43						
Principal				\$ 80,615,000	\$ 80,615,000	-	-	\$ 80,615,000	\$ 625,000
Premium				4,611,191	4,611,191	-	-	4,611,191.00	35,750.00
Total General Obligation Bonds				<u>\$ 85,226,191</u>	<u>\$ 85,226,191</u>	<u>-</u>	<u>-</u>	<u>\$ 85,226,191</u>	<u>\$ 660,750</u>
Total General Obligation Bonds									
Principal				\$613,660,000	\$431,325,000	-	\$ 7,040,000	\$424,285,000	\$ 7,875,000
Premium				23,237,731	13,539,860	-	221,116	13,318,744	177,709
Total GO Bonds				<u>\$636,897,731</u>	<u>\$444,864,860</u>	<u>-</u>	<u>\$ 7,261,116</u>	<u>\$437,603,744</u>	<u>\$ 8,052,709</u>

## San Dieguito Union High School District Measure AA Building Fund (Fund 21-39)

Notes to the Financial Statements, Continued

June 30, 2022

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

Year Ended June 30,	Principal	Interest	Total
2023	\$ 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	9,650,000	11,446,599	\$ 21,096,599
2028-2032	66,120,000	52,408,963	\$ 118,528,963
2033-2037	101,870,000	41,732,691	\$ 143,602,691
2038-2042	152,215,000	22,135,453	\$ 174,350,453
2043-2047	62,010,000	1,906,588	\$ 63,916,588
Total	<u>\$ 424,285,000</u>	<u>\$ 177,542,986</u>	<u>\$ 601,827,986</u>

### Premium/Discount

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

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

	2012 Election Series A	2012 Election Series B	2016 Election Series C	2018 Election Series D	2018 Election Series E
Total Interest Payments	\$ 113,607,493	\$ 88,265,753	\$ 42,624,776	\$ 18,093,285	\$ 40,309,058
Less Bond Premium	<u>(8,336,717)</u>	<u>(6,379,386)</u>	<u>(2,970,848)</u>	<u>(939,590)</u>	<u>(4,611,191)</u>
Net Interest Payments	<u>106,014,776</u>	<u>81,886,367</u>	<u>39,653,928</u>	<u>17,153,695</u>	<u>35,697,867</u>
Par Amount of Bonds	157,680,000	110,030,000	61,205,000	21,900,000	80,615,000
Periods	7	7	7	7	7
Periods	25	25	25	25	22
Effective Interest Rate	2.69%	2.98%	2.59%	3.13%	2.01%

**San Dieguito Union High School District  
Measure AA Building Fund (Fund 21-39)**

Notes to the Financial Statements, Continued  
June 30, 2022

**J. Commitments and Contingencies**

1. Litigation

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

2. Construction Commitments

As of June 30, 2022, the Bond Fund had the following construction commitments:

	Remaining Commitment	Expected Date of Completion*
Construction in Process:		
Diegueno Middle School Buildings C, D, F, K, G & Cougar Hall Improvements	\$665,809	Fall 2023
San Dieguito Academy Buildings A, B, IV & Mosaic Cafe Modernization	520,839	Winter 2023
San Dieguito Academy Gym Building Roof/HVAC & Locker Room	449,263	Winter 2023
San Dieguito Academy Parking Lot/Outdoor Play Court	1,173,907	Spring 2023
Torrey Pines Building I New Digital Arts Classrooms	11,059,492	June 1, 2023

\*Expected date of completion is subject to change.

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

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

## Supplementary Information

## San Dieguito Union High School District Measure AA Building Fund (Fund 21-39)

General Obligation Bonds Project List  
Year Ended June 30, 2022

Bond proceeds are required to be expended to modernize, replace, renovate, construct, acquire, equip, furnish and otherwise improve the facilities of the San Dieguito Union High School District. Bond proceeds will be expended to modernize, replace, renovate, construct, acquire, equip, furnish and otherwise improve the facilities of the District located at the following locations:

Canyon Crest Academy  
Diegueño Middle School  
La Costa Canyon High School  
Pacific Trails Middle School  
San Dieguito Academy  
Torrey Pines High School

Carmel Valley Middle School  
Earl Warren Middle School  
La Costa Valley Site  
Oak Crest Middle School  
Sunset High School

Project Name	Location of Project	Status of Project
Modernization of Building G, and Library Modernization	Canyon Crest Academy	Planning
AV Technology Improvements	Carmel Valley Middle School	Complete
New Student Entry at Gym & Food Service Area	Carmel Valley Middle School	Under Construction
Student Quad Improvements	Carmel Valley Middle School	Planning
AV Technology Improvements	Carmel Valley Middle School	In Progress
Bldgs. C, G & Cougar Hall Modernization Part 1	Diegueno Middle School	In Progress
D, F, & K Modernization Part 2	Diegueno Middle School	In Progress
Administration, Locker Room Modernization	Diegueno Middle School	In Progress
Fitness Center Complex	La Costa Canyon High School	In Progress
Crest Hall Improvements, Balance of Fire Road	Oak Crest Middle School	In Progress
Utility Infrastructure Improvements, Bathroom Improvements, and Hardcourts	San Dieguito Sports Complex	Planning
Parking Lot Restoration and Multi-Purpose Hardcourt	San Dieguito High School Academy	Plan Review
Bldgs. A, B, IV & Mosaic Café Modernization	San Dieguito High School Academy	In Progress
Locker Room Modernization	San Dieguito High School Academy	In Progress
Gym and Weight Room Modernization	San Dieguito High School Academy	Planning
Baseball and Softball Fields Renovation	San Dieguito High School Academy	Planning
New Arts Complex, 1 Digital Arts Classroom, New Campus Green & Parking Lot	Torrey Pines High School	Under Construction
Gym Modernization, Field Improvements, and Aquatics	Torrey Pines High School	Under Construction

## Other Independent Auditors' Reports



Brian K. Hadley, CPA

Aubrey W. Mann, CPA

Kevin A. Sproul, CPA

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

To the Citizens' Oversight Committee  
San Dieguito Union High School District  
Measure AA Building Fund (Fund 21-39)  
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 San Dieguito Union High School District Measure AA Building Fund (Bond Fund), which comprise the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise San Dieguito Union High School District Measure AA Building Fund's basic financial statements, and have issued our report thereon dated March 13, 2023.

#### **Internal Control over Financial Reporting**

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

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

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

#### **Compliance and Other Matters**

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

## **Purpose of this Report**

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

El Cajon, California  
March 13, 2023





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

## Independent Auditor's Report on Performance

To the Citizens' Oversight Committee  
San Dieguito Union High School District  
Measure AA Building Fund (Fund 21-39)  
Encinitas, California

### Performance Results

We were engaged to conduct a performance audit of the San Dieguito Union High School District Measure AA Building Fund (Fund 21-39), herein after referred to as the Bond Fund, for the year ended June 30, 2022. Our audit was limited to the objectives listed with the report which includes the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

The results of our tests, delineated below, showed no instances of noncompliance with the requirements as set forth in Measure AA, approved by voters on November 8, 2016, in accordance with Proposition 39 as outlined in Article XIII A, Section 1(b)(3)(c) of the California Constitution.

### Responsibilities of Management for Performance

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

### Auditor's Responsibility for the Performance Audit

Our responsibility is to prepare a report that contains (1) the objectives, scope, and methodology of the audit; (2) the audit results, including findings, conclusions, and recommendations as appropriate; (3) summary reviews of responsible officials; and (4) if applicable, the nature of any confidential or sensitive information omitted.

We conducted this performance audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Appendix A of the 2021-22 Guide for Annual Audits of K-12 Local Education Agencies* (the Audit Guide). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusions based on our audit objectives.

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

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

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

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

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

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

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

### **Objectives, Scope, & Methodology of the Audit**

In connection with our performance audit, we performed an audit for compliance as required in the performance requirements set forth in Measure AA as approved by registered voters for the fiscal year ended June 30, 2022. The objective of the audit of compliance applicable to the Bond Fund is to determine with reasonable assurance that:

- The proceeds from the sale of Measure AA General Obligation Bonds were only used for the purposes set forth in the ballot Measure AA and not for any other purpose, such as teacher and administrative salaries.
- The Governing Board of the San Dieguito Union High School District (District), in establishing approved projects set forth in the ballot measure to modernize, replace, renovate, construct, acquire, equip, furnish and otherwise improve facilities of the District as noted in the bond project list.

**Performance Audit Procedures Performed & Results:**

**1. Internal Control Evaluation**

Procedure Performed

Inquiries were made of management regarding internal controls to:

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

Results of Procedure Performed

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

Procedure Performed

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

Results of Procedure Performed

The results of our audit determined that the internal controls as designed were properly implemented during the 2021-22 fiscal year.

**2. Tests of Expenditures**

Procedures Performed

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

Results of Procedures Performed

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

### 3. Tests of Contracts and Bid Procedures

#### Procedures Performed

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

#### Results of Procedures Performed

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

### 4. Facilities Site Review

#### Procedures Performed

We reviewed the Independent Citizens’ Oversight Committee minutes and agendas along with other pertinent information on Measure AA designated projects to determine whether the funds expended for the year ended June 30, 2022, were for valid facilities acquisition and construction purposes as stated in the Bond Project List. Additionally, we reviewed photographs of significant bond projects to determine projects were being completed as identified in the Bond Project List.

#### Results of Procedures Performed

Based on review of expenditure documentation, review of project photographs, and other pertinent information provided, it appears the construction work performed was consistent with the Bond Project List as well as the allowable projects as identified in Measure AA ballot measures.

### 5. Review of Citizens’ Oversight Committee Compliance

#### Procedures Performed

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

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

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

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

#### Results of Procedures Performed

The Citizens’ Oversight Committee appears to have complied with the requirements of Education Code Section 15278.

Procedure Performed

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

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

Results of Procedures Performed

The Citizens’ Oversight Committee appears to have complied with the requirements of Education Code Section 15282.

**Nature of any Confidential or Sensitive Information Omitted**

There was no confidential or sensitive information omitted from this report.

**Purpose of the Report**

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

El Cajon, California  
March 13, 2023

## Auditor's Results, Findings & Recommendations

**San Dieguito Union High School District  
Measure AA Building Fund (Fund 21-39)**

Schedule of Auditor's Results  
Year Ended June 30, 2022

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**FINANCIAL STATEMENTS**

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

**PERFORMANCE AUDIT**

Any audit findings disclosed that are reported as a result of performance audit and in accordance with <i>2021-22 Guide for Annual Audits of California K-12 Local Education Agencies, Appendix A Local Construction Bond Audits?</i>	_____ Yes	_____ <u>X</u> No
Type of auditor's report issued on compliance for state programs:	<u>Unmodified</u>	

**San Dieguito Union High School District  
Measure AA Building Fund (Fund 21-39)**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2022

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Findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements or performance audit that are required to be reported in accordance with *Government Auditing Standards*, or *Appendix A of the 2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

**Internal Control Findings**

None

**Compliance Findings**

None



**San Dieguito Union High School District  
Measure AA Building Fund (Fund 21-39)**

Summary of the Views of Responsible Officials  
Year Ended June 30, 2022

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The San Dieguito Union High School District agrees with the results of the performance audit for the Measure AA Bond Fund.

**San Dieguito Union High School District  
Measure AA Building Fund (Fund 21-39)**

Schedule of Prior Year Audit Findings  
Year Ended June 30, 2022

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Finding/Recommendation	Status	Explanation if Not Implemented
There were no findings reported in the prior year audit		

# San Dieguito Union High School District

## INFORMATION REGARDING ICOC AGENDA ITEM

**TO:** INDEPENDENT CITIZENS OVERSIGHT  
COMMITTEE

**DATE OF REPORT:** March 14, 2023

**ICOC MEETING DATE:** March 14, 2023

**PREPARED &  
SUBMITTED BY:** Limited Term Ad Hoc Committee: Robin Duvéen,  
Kevin DeHaan, and Lucienne McCauley

**SUBJECT:** INDEPENDENT CITIZENS OVERSIGHT  
COMMITTEE 2022 ANNUAL REPORT

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### EXECUTIVE SUMMARY

The Limited Term Ad Hoc Committee will present a working draft of the 2022 Independent Citizens Oversight Committee annual report at the March 14, 2023 Special meeting, as shown in the attached supplement.

### RECOMMENDATION:

It is recommended that the Independent Citizens Oversight Committee review and approve the 2022 Annual Report, in substantially the form being presented, subject to any corrections, as needed.



**Proposition AA Independent Citizens Oversight  
Committee 2022 Annual Report**

**March 14, 2023**

**DRAFT**

**San Dieguito Union High School**

**District 710 Encinitas Blvd.  
Encinitas, California 92024**

**(760) 753-6491**

**<http://www.sduhsd.net>**



(Torrey Pines HS Falcon Eatery)



(Carmel Valley MS Front Entrance)

Dear Community Members,

The Independent Citizens Oversight Committee (ICOC) of the San Dieguito Union High School District (District) is pleased to present our ninth annual report. The 2022 Annual report covers activity for the period ending December 31, 2022.

Building on the commitment from the voters in 2012, the District has issued \$449,000,000<sup>1</sup> in general obligation bonds and has expended or contracted \$382,976,929<sup>2</sup> on projects through December 31, 2022.

The ICOC wishes to thank the District staff and the project management team for their support, their detailed updates and transparency of information, not only to the Committee, but also to the public.

We welcome your questions and comments. You will find ICOC members' e-mail addresses within this report.

For more information about Proposition AA and the ICOC, please visit:

[www.sduhsd.net/PropAA](http://www.sduhsd.net/PropAA)

[www.sduhsd.net/ICOC](http://www.sduhsd.net/ICOC)

Sincerely,

*Robin Duveen*

President,

San Dieguito Union High School District Independent Citizens Oversight Committee



(Torrey Pines HS CAD Lab)

<sup>1</sup> Bond Series issued: Series A, issued 2013 for \$160,000,000; Series B, issued 2015 for \$117,040,000; Series C, issued 2016 for \$62,000,000; Series D, issued 2018 for \$25,000,000; and Series E, issued 2021 for \$84,960,000 - for a total of \$449,000,000.

<sup>2</sup> This dollar amount represents funds expended to date on completed projects, on projects currently under construction (partial), and projects that are currently in the planning phases (partial).

## **INTRODUCTION**

Proposition AA is a \$449 million bond initiative approved by over 55% of District voters in November 2012. The Abbreviation section of the Proposition AA Bond Measure stated that Proposition AA is to "provide safe, modern schools and prepare students for success in college and careers by repairing and upgrading outdated classrooms and schools, construction and upgrading school facilities, including classrooms, science labs, and libraries, improving safety and security, and supporting career training and math, science, and technology instruction with 21st Century instructional technology and facilities." See "Full Text of Measure" in **Exhibit A**.

Proposition AA was passed under the rules of California Proposition 39 (passed in November 2000). California Assembly Bill 1908 (executed July 2000) required school Districts that passed Proposition 39 bonds to appoint an Independent Citizens Oversight Committee (ICOC) "to assure that funds are spent only on school and classroom improvements and for no other purposes." The purpose of the ICOC is "to inform the public concerning the expenditure of bond revenues."

For additional information about the ICOC and Proposition AA projects, visit the ICOC page at [www.sduhsd.net/ICOC](http://www.sduhsd.net/ICOC) and the Proposition AA page at [www.sduhsd.net/PropAA](http://www.sduhsd.net/PropAA).

The projects mentioned in this annual report, including the Performance Audit, Project Status, Master Plans, and ICOC actions, can be located at the ICOC page on the District's website.



(Torrey Pines HS Art Classroom)



(Torrey Pines HS MakerSpace)

## **INDEPENDENT CITIZENS OVERSIGHT COMMITTEE (ICOC)**

Members of the ICOC are listed below:

<b>Name</b>	<b>Affiliation</b>	<b>Email Address</b>
Gary Aguirre	Parent of Enrolled Student	<a href="mailto:gary.aguirre@sduhsd.net">gary.aguirre@sduhsd.net</a>
Diane Chau	At-Large Member	<a href="mailto:diane.chau@sduhsd.net">diane.chau@sduhsd.net</a>
Kevin DeHaan	At-Large Member	<a href="mailto:kevin.dehaan@sduhsd.net">kevin.dehaan@sduhsd.net</a>
Robin Duveen, President	Taxpayer Association Member	<a href="mailto:robin.duveen@sduhsd.net">robin.duveen@sduhsd.net</a>
Amy Flicker	Parent Active in Teacher-Parent Organization	<a href="mailto:amy.flicker@sduhsd.net">amy.flicker@sduhsd.net</a>
Lane Macy-Kiefaber, Secretary	Business Organization Member	<a href="mailto:lane.kiefaber@sduhsd.net">lane.kiefaber@sduhsd.net</a>
Lucienne McCauley	Senior Organization Member	<a href="mailto:Lucienne.c.mccauley@sduhsd.net">Lucienne.c.mccauley@sduhsd.net</a>

To fulfill its duty, ICOC members will:

- Understand the District's priority setting process for Proposition AA projects.
- Compare the initiative's language with the District's project plans to verify compliance with voter approved Proposition AA improvements.
- Maintain trust with District representatives and verify the appropriateness of District bond expenditures.
- Ensure that the District's information is transparent and open to the public.
- Review the annual independent performance and financial audit of Proposition AA funds.
- Remain current on all matters pertaining to the District's implementation of the Proposition AA projects.

## **ROLE OF THE ICOC**

The ICOC provides only after-the-fact review and monitoring of how the District spends bond funds. The ICOC does not have the authority to approve or determine how the bonds funds are spent, the rate of taxes collected, bond financing, or the contracting process (requirements definition, contract modeling and strategy, bid solicitation, contractor or consultant selection, contract negotiations, authorizing contract changes, etc.).

The ICOC is required to advise the public on the District's compliance with the requirements of Article 13A, Section 1(b)(3) of the California Constitution, including:

- Expenditure of bond funds only for the construction, reconstruction, rehabilitation, or replacement of school facilities;
- Prohibiting the expenditure of bond funds for any teacher or administrative salaries or other school operating expenses;
- Requiring annual independent performance audits to ensure that bond funds have been expended only on the specific projects listed; and
- Requiring annual independent financial audits of the proceeds from the sale of the bonds until all those proceeds have been expended for the school facilities projects.



(SD Sports Complex)



(Torrey Pines HS Art Classroom)



(Torrey Pines HS Gym)



## **INDEPENDENT PERFORMANCE AND FINANCIAL AUDIT**

California Senate Bill 1473 (SB 1473), signed September 22, 2010, requires that the financial and performance audits required by Article 13A, Section 1(b)(3)(c) of the California Constitution for bond funds approved under Proposition 39 be conducted in accordance with the Generally Accepted Government Auditing Standards (GAGAS), also known as the Yellow Book, issued by the Comptroller General of the United States.

The required independent performance audit and financial audit for Proposition AA for the period of July 1, 2021 - June 30, 2022, was prepared by Wilkinson Hadley King & Co. LLP (Independent Auditor) and reviewed by the ICOC Committee during the March 14, 2023 ICOC meeting. The District received an unmodified opinion by the auditors. An unmodified opinion implies that the auditor was satisfied with the financial statements audited. This means that the statements met the requirements demanded by the regulations and they were prepared in accordance with accounting principles, criteria and standards.

It should also be noted that the District received an excellent score in the San Diego Taxpayers Association's 2022 Annual School Bond Transparency Report, in which all of San Diego County's current school bond programs are evaluated on transparency and performance.

## **ICOC AUDIT REVIEW**

California Senate Bill 581 (SB 581), signed August 12, 2013, requires that an independent performance audit and financial audit for the preceding year be conducted and submitted to the ICOC no later than March 31 of each year for its review. SB 581 also requires that the District provide the ICOC with responses, within three (3) months, to any finding, recommendation, or concern addressed in the annual independent performance and financial audits.



(San Dieguito HS Academy Roof Heating Ventilation Replacement)

**PROPOSITION AA FINANCING**

To date, \$449,000,000 of financing has been secured by the District for Proposition AA.

• Series A (Issued in 2013)	\$160,000,000
• Series B (Issued in 2015)	\$117,040,000
• Series C (Issued in 2016)	\$ 62,000,000
• Series D (Issued in 2018)	\$ 25,000,000
• Series E (Issued in 2021)	<u>\$ 84,960,000</u>
BOND AMOUNT TOTAL:	\$449,000,000

With the final issuance complete, the District will not anticipate any future bond issuances for Prop AA.

**PROPOSITION AA BASELINE BUDGETS**

Since its inception, the ICOC has been working with the District to adjust project status reports to reflect the budget baselines for each project based on the estimates that existed when the voters passed Proposition AA in 2012. The baseline budgets established for authorized Proposition AA, summarized by project sites, are summarized later in this report.

The original baseline budget for Proposition AA was \$449,000,000. The revised estimated budget through 2022 will be \$518,289,415.00. The estimated program completion costs are represented below:

• Proposition AA 2012 Baseline Budget	\$449,000,000.00*
• Additional Project Funding (Non-Bond Funding)	\$57,047,064.00
• Estimated Interest Earned	\$6,682,397.00
• Additional Escalation	<u>\$5,559,954.00</u>
TOTAL:	\$518,289,415.00
*Note: Includes \$4.2M administrative & \$3.8M QSCB Costs	

This results in an estimated total program shortfall of \$69,289,415.00.

The chart below demonstrates the forecasted added escalation that have yet to be commenced. It is estimated by the District that the remaining projects to complete would cost \$10,108,125.00. However, with the estimated escalation of \$5,559,954.00, the revised projected cost to complete increases to \$15,668,079.00. Of note, future costs are further reduced with previous board direction, resulting in four (4) projects not proceeding forward at this time.

**PROJECT ESCALATION COSTS – REMAINING PROJECTS**

Project List	Initial Year of Estimate (Baseline Year)	Estimated Cost of Remaining Projects	Projected Year of Construction	Added Escalation	Revised Estimated Cost
<b>La Costa Canyon High School</b>					
New 2 Story Classroom Building & Science Building (700's)	2011/2012	\$ 9,230,625.00	2025/2026	\$ 5,115,904.97	\$ 14,346,529.97
Modernization of Administration Building	2011/2012	\$ 877,500.00	2024/2025	\$ 444,048.76	\$ 1,321,548.76
New M&O Building (Not proceeding forward)	2011/2012				
<b>La Costa Valley-San Dieguito Sports Complex</b>					
New Multi-Purpose Building (Balance of) (Not proceeding forward)	2011/2012	\$ -	-	\$ -	\$ -
<b>Torrey Pines High School</b>					
New Field House (Balance of) (Not proceeding forward)	2011/2012	\$ -	-	\$ -	\$ -
Modernization of Administration Building (Not proceeding forward)	2011/2012	\$ -	-	\$ -	\$ -
<b>Totals</b>		\$ 10,108,125.00		\$ 5,559,953.73	\$ 15,668,078.73

Updated December 31, 2022

With state legislative constraints, factors beyond the control of the District and economic effects of inflation due to the lengthening of the bond program from six (6) to thirteen (13) years, the remaining projects as originally identified in 2012 may not occur as originally timed, conceived or completed under Prop AA.



**(Torrey Pines HS Art Classroom)**



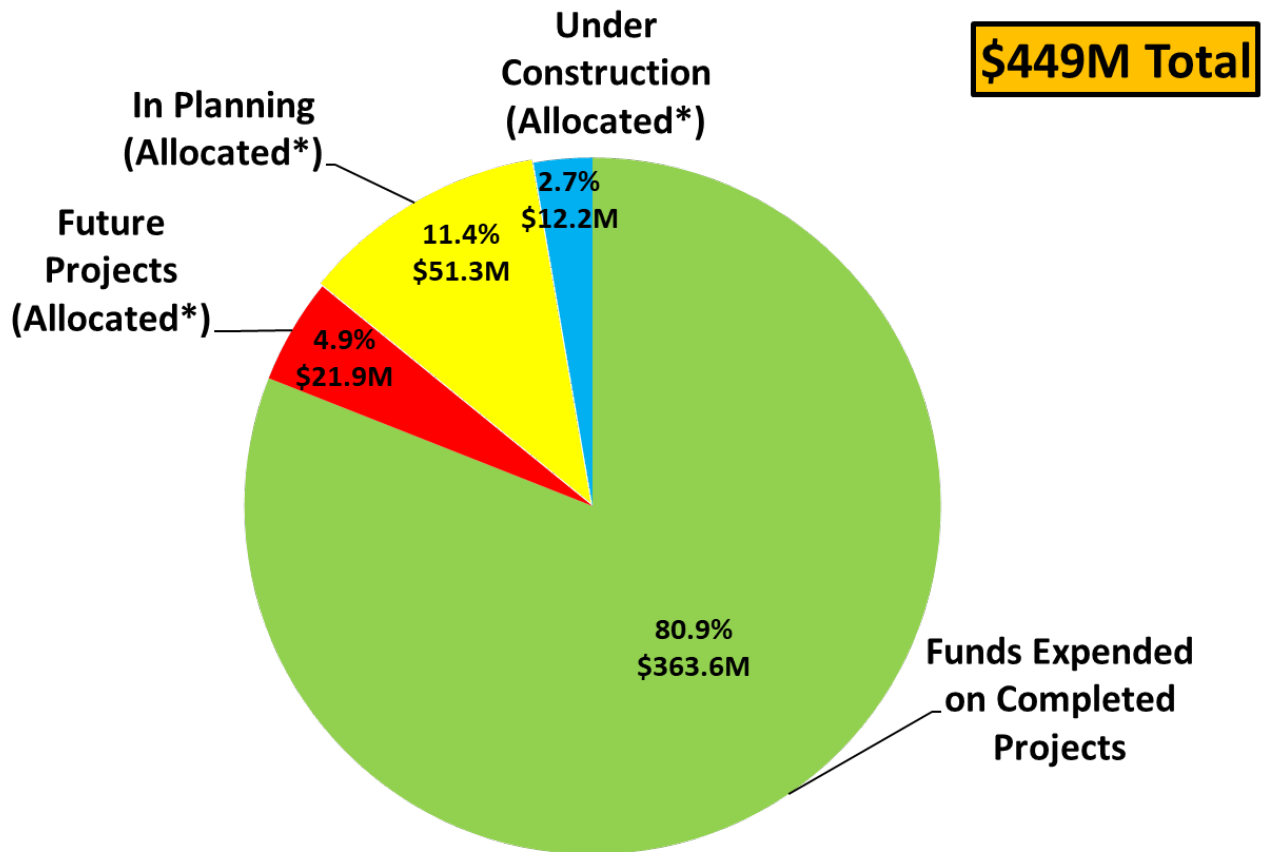
**(Carmel Valley MS Front Entrance)**



**(Torrey Pines HS Digital Arts Classroom)**



## PROJECT FUNDING STATUS



Prop AA planned for \$449 million of capital improvements within the District. Of those funds, the District has completed 53 of 74 projects and spent \$363.6 million through 2022 to complete highest priority projects. In addition, \$12.2 million is committed (allocated and/or encumbered) to projects currently under construction with \$51.3 million being committed to projects in the design and planning phases. There remains \$21.9 million of the original funds to be allocated. The chart below demonstrates the current overall project status<sup>3</sup>.









\*Allocated – resource \$’s that have been budgeted

<sup>3</sup> These totals also include administrative costs, principal payments on the Qualified School Construction Bond (QSCB), and a portion of the technology improvements not necessarily captured on the following project site plans.

	<p><b>Completed - \$30.6M</b></p> <ul style="list-style-type: none"> <li>• Building B Landscape &amp; Pathway Enhancements</li> <li>• New Building B Enhancements</li> <li>• Stadium Improvements</li> <li>• Track and Field Improvements, and Rough Grade</li> <li>• Technology Infrastructure</li> <li>• Media Center Upgrades – Phase 1</li> </ul> <p><b>In Planning - \$3.3M</b></p> <ul style="list-style-type: none"> <li>• 2024 - Modernization of Black Box Theater (Building G)</li> <li>• 2024 - Modernization of Media Center – Phase 2 (Planning)</li> </ul>	<p style="writing-mode: vertical-rl; transform: rotate(180deg);"><b>Canyon Crest Academy</b></p>  
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	<p><b>Completed - \$2.2M</b></p> <ul style="list-style-type: none"> <li>• Drama &amp; Music Classrooms</li> <li>• Technology Upgrade</li> <li>• Media Center Upgrade</li> </ul> <p><b>In Planning - \$0.5M</b></p> <ul style="list-style-type: none"> <li>• 2023/2024 - AV Technology Improvements</li> </ul> <p><b>Under Construction - \$0.2M</b></p> <ul style="list-style-type: none"> <li>• New Student Entry at Gym/Food Service Area</li> </ul> <p><b>To Do - \$1.1M</b></p> <ul style="list-style-type: none"> <li>• 2024</li> <li>• Student Quad Reconfiguration</li> </ul>	<p style="writing-mode: vertical-rl; transform: rotate(180deg);"><b>Carmel Valley Middle School</b></p>  
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	<p><b>Completed - \$14.6M</b></p> <ul style="list-style-type: none"> <li>• Buildings B &amp; G Modernization – Phase 1</li> <li>• Admin and Building B Front Entry Improvements</li> <li>• Media Center Modernization</li> <li>• Technology Infrastructure</li> <li>• New Building P – Phase 2</li> <li>• HVAC Improvements</li> </ul> <p><b>In Planning - \$11.6M</b></p> <ul style="list-style-type: none"> <li>• 2023 - AV Technology Improvements</li> <li>• 2023/2024 - Modernization of History (D), and Math (C), English (K) and Science (F) Buildings, Cougar Hall, and G-Music Classroom</li> <li>• 2025 - Modernization of Administration and Locker Room Buildings, Lunch Shelter, and improvements to Parking Lot</li> </ul>	<p style="writing-mode: vertical-rl; transform: rotate(180deg);"><b>Diegueno Middle School</b></p>  
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	<p><b>Completed - \$13.2M</b></p> <ul style="list-style-type: none"> <li>• Modernization of Culinary Arts Classroom (Building 200)</li> <li>• Building 200 Courtyard Renovation</li> <li>• Media Center Landscaping</li> <li>• Classroom HVAC Improvements – Phase 1</li> <li>• Gym, Performing Arts Center, Building 200 HVAC Improvements – Phase 2</li> <li>• Media Center and Building 800 Modernization</li> <li>• AV and Technology Infrastructure Upgrades</li> </ul> <p><b>In Planning - \$6.6M</b></p> <ul style="list-style-type: none"> <li>• 2023 – Fitness Center Complex and Dance Room Expansion (former Field House)</li> </ul> <p><b>To Do - \$10.1M</b></p> <ul style="list-style-type: none"> <li>• 2025</li> <li>• New 2 Story Classroom Building</li> <li>• New Science Building</li> <li>• Modernization of Administration Building</li> </ul>	<p style="writing-mode: vertical-rl; transform: rotate(180deg);"><b>La Costa Canyon High School</b></p>  
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**Completed - \$10.7M**

- Fields and Parking lot Replacement
- Driveway Gate Automation

**To Do - \$3.1M**

- 2024/2025
- New Hard Courts, including Electrical and Communication Improvements and improvements to restroom buildings

**San Diegoito Sports Complex**



San Diegoito Sports Complex



**Completed - \$23.2M**

- Interim Housing
- Technology Improvements and Infrastructure
- Landscape and Balour Street Improvements
- Learning Commons Remodel – Phase 1
- Field Access/Path of Travel
- C-Smart and Art Classrooms Modernization
- New Science Classroom Building/Quad
- Administration Building Reconstruction and Courtyard Improvements
- C Building (Balance of) and I Building Modernization

**In Planning - \$3.9M**

- 2024 - Crest Hall Modernization & Locker Room Modernization and Expansion, completion of Fire Road

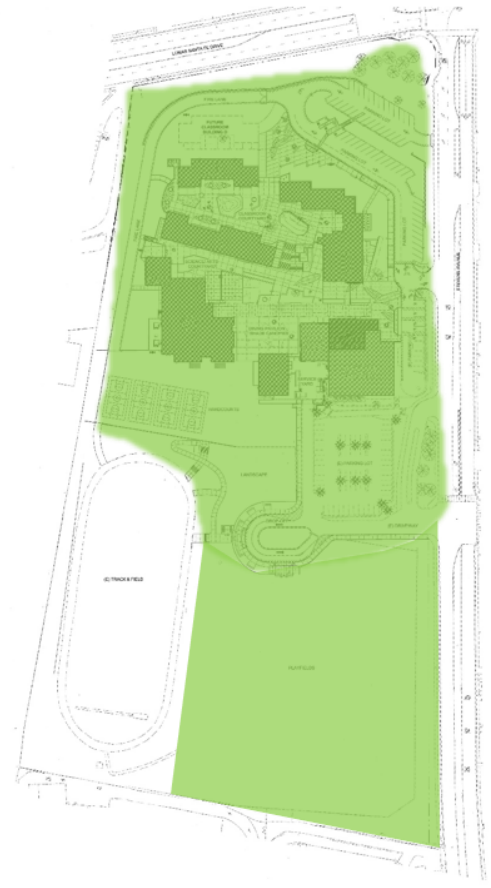


**Oak Crest Middle School**








	<p><b>Completed - \$58.5M</b></p> <ul style="list-style-type: none"> <li>• Building 40 East Modernization - Culinary Arts Classroom</li> <li>• New Math &amp; Science Building</li> <li>• Technology Infrastructure</li> <li>• Tennis Courts &amp; Interim Housing</li> <li>• Stadium Press Box, Bleachers and Restroom Building</li> <li>• Track and Field Improvements</li> <li>• Arts and Humanities Building, and shade structure</li> </ul> <p><b>In Planning - \$8.7M</b></p> <ul style="list-style-type: none"> <li>• 2023 - Parking Lot Restoration and Multi-Purpose Hardcourt</li> <li>• 2024 - Modernization of Industrial Arts Building, A&amp;B Buildings, and Mosaic Café</li> <li>• 2024 - Modernization of Locker Rooms</li> </ul> <p><b>To Do - \$7.6M</b></p> <ul style="list-style-type: none"> <li>• 2025</li> <li>• Baseball and Softball Fields Renovation</li> <li>• Gym and Weight Room Modernization</li> </ul>	<p style="writing-mode: vertical-rl; transform: rotate(180deg);"><b>San Diego High School Academy</b></p>
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	<p><b>Completed - \$53.1M</b></p> <ul style="list-style-type: none"> <li>• New Performing Arts Center</li> <li>• Innovation Building Modernization - Culinary Arts</li> <li>• Building B Modernization Student Center Modernization and Front Entry</li> <li>• Technology Infrastructure</li> <li>• New Building J Chemistry Classrooms</li> <li>• Stadium Lighting Improvements</li> <li>• New Weight Room Building</li> <li>• Building E HVAC Improvements</li> <li>• Stadium Field Replacement</li> <li>• Modernization of Innovation Building, Food Service, Makerspace, CAD LAB &amp; 1 Digital Arts Classroom</li> <li>• Locker Room Heating and Ventilation Improvements</li> </ul> <p><b>In Planning - \$7.9M</b></p> <ul style="list-style-type: none"> <li>• 2023/2024 - Modernization of Gym &amp; Locker Room and Team Rooms Addition</li> </ul> <p><b>Under Construction - \$12.0M</b></p> <ul style="list-style-type: none"> <li>• New Art Classroom Building, New Campus Green and Parking Lot</li> </ul>	<p style="writing-mode: vertical-rl; transform: rotate(180deg);"><b>Torrey Pines High School</b></p>
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	<p><b>Completed - \$52.6M</b></p> <ul style="list-style-type: none"><li>• Campus Re-Construction Phase 1</li><li>• Interim Housing</li><li>• Data Center Upgrades</li><li>• Campus Re-Construction Upgrades - Phase 2</li></ul>	<p><b>Earl Warren Middle School</b></p>  
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	<p><b>Completed - \$64.4M</b></p> <ul style="list-style-type: none"><li>• Main Campus Phases 1 and 2</li><li>• 2<sup>nd</sup> Classroom Building (including Marquee and Stage Lighting at Gym Building)</li></ul>	<p><b>Pacific Trails Middle School</b></p>  
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	<p>Completed - \$22.6M</p> <ul style="list-style-type: none"><li>• Multimedia Upgrades</li><li>• Campus Re-Construction</li></ul>	<p><b>Sunset High School Adult Transition Program</b></p>
		 

**BOND SERIES A – E DRAW BUDGET AND COMMITMENTS SUMMARY**

Project Sites	Budget 12/31/21	Budget 12/31/22	Commitments 12/31/22	Delta 12/31/22
Pacific Trails Middle School	\$ 64,494,338.64	\$ 64,494,338.64	\$ 64,494,338.64	\$ -
Carmel Valley Middle School	\$ 7,271,282.21	\$ 8,783,267.21	\$ 7,547,258.54	\$ 1,236,008.67
Earl Warren Middle School	\$ 55,253,199.42	\$ 55,253,199.42	\$ 55,253,199.42	\$ -
La Costa Valley Site	\$ 13,735,497.04	\$ 13,735,497.04	\$ 10,730,697.04	\$ 3,004,800.00
Diegueno Middle School	\$ 23,264,807.13	\$ 26,984,182.13	\$ 15,043,534.79	\$ 11,940,647.34
Oak Crest Middle School	\$ 27,985,638.34	\$ 31,640,518.34	\$ 26,482,717.65	\$ 5,157,800.69
Canyon Crest Academy	\$ 31,434,157.87	\$ 34,295,765.87	\$ 31,075,614.59	\$ 3,220,151.28
Torrey Pines High School	\$ 82,503,931.40	\$ 110,359,635.15	\$ 83,501,361.69	\$ 26,858,273.46
San Dieguito High School Academy	\$ 62,433,497.63	\$ 73,478,465.13	\$ 58,985,849.37	\$ 14,492,615.76
La Costa Canyon High School	\$ 11,017,443.29	\$ 17,636,762.29	\$ 11,460,171.49	\$ 6,176,590.80
Sunset High School	\$ 22,447,106.11	\$ 22,447,106.11	\$ 22,447,106.11	\$ -
District Wide Tech Infrastructure	\$ 11,511,231.88	\$ 11,511,231.88	\$ 10,751,447.48	\$ 759,784.40
QSCB - 14 yr. option	\$ 10,718,235.36	\$ 10,718,235.36	\$ 6,890,294.96	\$ 3,827,940.40
Administration	\$ 14,097,036.41	\$ 14,097,036.41	\$ 11,527,703.22	\$ 2,569,333.19
<b>Total Expense Budget</b>	\$ 438,167,402.73	\$ 495,435,240.98	\$ 416,191,294.99	\$ 79,243,945.99
<b>Project Funding</b>				
Prop AA Project Fund	\$ 446,369,040.28	\$ 446,384,740.82		
North City West Funding	\$ 5,586,098.00	\$ 5,586,098.00		
2016 CFD Bond Funding	\$ 9,594,456.91	\$ 9,594,456.91		
2018 CFD Bond Funding	\$ 12,226,950.72	\$ 18,016,658.47		
State School Building Fund	\$ -	\$ -		
County of San Diego/FOTL	\$ 449,348.73	\$ 449,348.73		
CVMS PTSA	\$ 20,722.00	\$ 20,722.00		
Building Fund 21-09	\$ 2,619,063.43	\$ 2,619,063.43		
Solana Beach School District	\$ 701,665.77	\$ 701,665.77		
Insurance Funds	\$ 579,246.80	\$ 579,246.80		
San Dieguito Academy Foundation	\$ 5,000.00	\$ 5,000.00		
Capital Facilities Fund 25-19	\$ 12,593.00	\$ 12,593.00		
Building Fund 40-00	\$ 5,049,984.53	\$ 19,084,106.53		
Community Facilities District	\$ 79,150.00	\$ 378,104.00		
Estimated Interest Earnings	\$ 6,249,153.00	\$ 6,682,397.00		
<b>Total Funding Budget</b>	\$ 489,542,473.17	\$ 510,114,201.46		
Excess/(Shortage of) Funding	\$ 51,375,070.44	\$ 14,678,960.48		

Updated December 31, 2022

**COMPLETED PROJECTS 2022**

Project	Delivery Method	Budget	Actual Expended	Estimated Savings*
Oak Crest Middle School C&I Building Improvements (Design, AV)	CM-MP	\$ 243,476.00	\$ 20,015.00	\$ 223,461.00
Torrey Pines High School - I Building Modernization - Part 1 - New Nutrition Services, Makerspace Classroom, CAD/Computer Lab and Digital Arts Classroom (Design)	L/LB	\$ 517,436.24	\$ 517,436.24	\$ -
San Dieguito Sports Complex - Gate Automation - Phase 1	PWC	\$ 54,950.00	\$ 54,950.00	\$ -
<b>Total:</b>		<b>\$ 815,862.24</b>	<b>\$ 592,401.24</b>	<b>\$ 223,461.00</b>

Updated December 31, 2022

\*Estimated Savings are projected savings due to closing out and finalizing contracts.

LEGEND:

DELIVERY METHOD:
<b>CM-MP</b> - Construction Manager - Multi Prime
<b>PWC</b> - Public Works Contract filed with DIR for smaller projects not exceeding \$60,000
<b>L/LB</b> - Lease/Leaseback

**ONGOING PROJECTS AS OF DECEMBER 31, 2022**

Project	Delivery Method	Bond Series	Start Date	Current Project Status	Budget
Canyon Crest Academy - Modernization of Building G (Black Box Theater), and Library Modernization	TBD	E	7/1/2024	Planning	\$3,263,674.00
Carmel Valley Middle School AV Technology Improvements	CMAS/PEPPM	A	4/1/2020	Planning/Pilot Program	\$500,000.00
Carmel Valley Middle School Front Entry Improvements (Including New Student Entry at Gym & Food Service Area)	DBB	E/Mello Roos	4/21/2022	Under Construction	\$151,498.00
Carmel Valley Middle School Student Quad Improvements	TBD	E	7/1/2024	Planning	\$1,116,000.00
Diegueno Middle School AV Technology Improvements	CMAS/PEPPM	A	4/1/2020	In Design	\$281,000.00
Diegueno Middle School Buildings C, G & Cougar Hall Modernization Part 1	L/LB	D/E	7/1/2023	In Design	\$7,632,181.00
Diegueno Middle School Building D, F, & K Modernization Part 2	L/LB	D/E	7/1/2024	In Design	
Diegueno Middle School Buildings Administration, Locker Room Modernization	TBD	E	7/1/2024	In Design	\$ 3,719,375.00
La Costa Canyon High School Fitness Center Complex	L/LB	E	7/1/2023	In Design	\$ 6,619,319.00
Oak Crest Middle School Crest Hall Improvements, Balance of Fire Road, and Locker Room Expansion	TBD	C/D/E	7/1/2024	In Design	\$ 3,909,865.00
San Dieguito Sports Complex - Utility Infrastructure Improvements, Bathroom Improvements, and Hardcourts	TBD	E	7/1/2024	Planning	\$ 3,059,750.00
San Dieguito High School Academy - Parking Lot Restoration and Multi-Purpose Hardcourt	TBD	D/E	7/1/2023	City of Encinitas Plan Review	\$ 1,173,907.00
San Dieguito High School Academy Bldgs. A, B, IV & Mosaic Café Modernization	TBD	D/E	7/1/2024	In Design	\$ 4,350,000.00
San Dieguito High School Academy Locker Room Modernization	TBD	E	7/1/2024	In Design	\$ 3,132,125.00

Project	Delivery Method	Bond Series	Start Date	Current Project Status	Budget
San Dieguito High School Academy Gym and Weight Room Modernization	TBD	E	7/1/2025	Planning	\$ 5,644,563.00
San Dieguito High School Academy Baseball and Softball Fields Renovation	TBD	E	7/1/2025	Planning	\$ 1,986,309.00
Torrey Pines High School - New Arts Complex, 1 Digital Arts Classroom, New Campus Green & Parking Lot	L/LB	D/E/Mello Roos	4/1/2022	Under Construction	\$ 11,952,397.00
Torrey Pines High School Gym Modernization, Field Improvements, and Aquatics (Gym Modernization component)	L/LB	E/Mello Roos/Fund 40	7/1/2023	Gym Mod Phase 1 Under Construction, Gym Mod Phase 2 In Design	\$ 7,897,000.00

**LEGEND:**

DELIVERY METHOD:	FUNDING SOURCE:
<p><u>CMAS/PEPPM</u> – California Multiple Awards Schedules/Pennsylvania Education Purchasing Program for Microcomputers</p> <p><u>L/LB</u> - Lease/Leaseback</p> <p><u>TBD</u> – To Be Determined</p> <p><u>CM-MP</u> – Construction Manager - Multi Prime</p> <p><u>PWC</u> – Public Works Contract Filed w/ DIR for smaller projects not exceeding \$60K</p>	<p><u>Fund 40</u> – Capital Building Fund</p> <p><u>Mello-Roos</u> – 2016 &amp; 2018 Special Tax Revenue Bond (STRB) Capital Improvement</p>

## **OVERVIEW OF 2022 PROJECTS BY SCHOOL**

The following represents the status of the projects under ICOC oversight upon publication of this annual report.

For more information about each site's projects, and to view photos from 2022, visit [here](#).

### **CANYON CREST ACADEMY**

- Modernization of Black Box Theater (Building G), and Library Modernization – **Planning**

### **CARMEL VALLEY MIDDLE SCHOOL**

- A/V Technology Improvements – **Planning, Projected Start 07/2023**
- Front Entry Improvements (including New Student Entry at Gym & Food Service Area) – **Under Construction**
- Student Quad Improvements - **Planning**

### **DIEGUENO MIDDLE SCHOOL**

- A/V Technology Improvements – **In Design**
- Buildings C, G & Cougar Hall Modernization (Part 1) – **In Design, Projected Start 07/2023**
- Buildings D, F, & K Modernization (Part 2) – **In Design, Projected Start 07/2024**
- Administration Building, Locker Room Modernization – **In Design**

### **LA COSTA CANYON HIGH SCHOOL**

- Fitness Center Complex – **In Design, Projected Start 07/2023**

### **OAK CREST MIDDLE SCHOOL**

- Balance of C & I Building Modernization (Design Only) – **Complete**
- Crest Hall Improvements, Balance of Fire Road, and Locker Room Expansion – **In Design**

### **SAN DIEGUITO HIGH SCHOOL ACADEMY**

- A, B, IV, and Mosaic Café Modernization – **In Design**
- Parking Lot Restoration and Outdoor Sports Courts – **City of Encinitas Grading Permit – Projected Start 07/2023**
- Locker Room Modernization – **In Design**
- Gym and Weight Room Modernization – **Planning**
- Baseball and Softball Fields Renovation – **Planning**

### **SAN DIEGUITO SPORTS COMPLEX**

- Site Improvements – Gate Automation – **Complete**
- Utility Infrastructure Improvements, Bathroom Improvements, and Hardcourts – **Planning**

### **TORREY PINES HIGH SCHOOL**

- I Building, Food Service, Makerspace, CAD Lab & One (1) Digital Arts Classroom Improvements – **Complete**
- New Art Classroom Building, New Campus Green & Parking Lot – **Under Construction**
- Gym Modernization (Heating and Ventilation) – Phase 1 – **Under Construction**
- Gym and Locker Room Modernization, Team Rooms Addition – Phase 2 – **In Design, Projected Start 07/2023**



## **ICOC ACTIVITIES IN 2022**

The ICOC reviews the progress of the Prop AA Bond Program in the planning and construction of projects in 2022, as well as timelines, budgets, change orders, and management processes as a standing practice at each meeting.

The first meeting of the year was held on **January 4, 2022**, virtually. Lucienne McCauley, Senior Organization Member, moved to approve the Resolution authorizing Teleconference Meetings of the San Dieguito Union High School District Independent Citizens Oversight Committee Pursuant to Assembly Bill 361. Motion was unanimously carried.

On **January 18, 2022**, the ICOC met virtually. Tina Douglas, Associate Superintendent of Business Services, updated committee members regarding District updates on COVID masks, allocations of masks from State and staffing shortages and the possible ribbon cutting ceremony for the new kitchen on the Torrey Pines H.S. campus during the spring. Mr. Mike Coy, Chief Facilities Officer, provided an update on current projects. Mr. Dan Young, Director of Planning Services, provided an update on projects in planning for 2022 with an emphasis on technology. Mr. John Addleman, Executive Director of Planning Services, provided an update on the projects/budget summary and thanked staff member Maria Lindley for her diligence and hard work in finding an extra \$100K when closing out several Prop AA projects that can be transferred to other Prop AA projects. Committee members unanimously carried the motion to approve Resolution Continuing to Authorize Teleconference Meetings of the San Dieguito Union High School District Independent Citizens Oversight Committee Pursuant to Assembly Bill 361. Mr. Robin Duvveen, President of the ICOC, reviewed the processes involved for establishing the ad hoc committee for the drafting and circulation of the 2021 Proposition AA Independent Citizens Oversight Committee 2021 Annual Report. Volunteers were appointed to serve on the annual report sub-committee.

The ICOC met virtually on **February 15, 2022**. Lucienne McCauley moved to approve the Resolution Continuing to Authorize Teleconference Meetings of the San Dieguito Union High School District Independent Citizens Oversight Committee Pursuant to Assembly Bill 361. The motion unanimously carried.

On **March 15, 2022**, the ICOC met virtually. Tina Douglas informed the committee that the mask mandate has been revised and no longer mandatory, and announced the Board will be returning to in-person meetings commencing with the April 19, 2022, ICOC meeting. Mr. Mears, Senior Audit Manager from Wilkinson Hadley King & Co. reviewed the highlights of the 2021 Prop AA Annual Audit. The Prop AA audit received an unmodified opinion for both the financial and performance audits, which is the best opinion by an auditor you can receive. No scope limitations, significant deficiencies, or material weaknesses were found in the audit. Mr. Addleman shared that the District researched the cost of hiring Construction Management Companies versus building their own Construction Management team with District staff and found that over a ten-year period, it has saved the District approximately half the cost by using their own staff to oversee Prop AA projects and bond monies. The 2021 Annual Report draft was discussed and approved by committee members.

On **April 19, 2022**, the ICOC meeting was cancelled.

On **May 10, 2022**, the ICOC meeting was cancelled.

On **June 15, 2022**, the ICOC met in person at Torrey Pines High School. Tina Douglas shared an update regarding her new role as Interim Superintendent through June 2023. John Addleman introduced the current projects at the various school sites. Lucienne McCauley moved to nominate Robin Duveen as President of the Committee for the term of twelve (12) months. The motion unanimously carried. Ms. McCauley moved to nominate Lakshmi Kommi as Representative of the Committee for the term of 12 months. The motion was unanimously carried. Kevin DeHaan moved to name Lane Keifaber as Secretary of the Committee for the term of twelve (12) months. The motion unanimously carried.

On **October 11, 2022**, the ICOC meeting was cancelled.

On **November 10, 2022**, the ICOC met at Sunset High School. The committee received word that Lakshmi Kommi, ICOC Representative, had withdrawn from the committee. It was noted that the 2022 San Diego Taxpayers Association Transparency Scorecard published a much-improved score from an 85% last year to a 93% this year. John Addleman provided updates to projects at the various school sites. The committee discussed establishing the Ad Hoc committee to create the Proposition AA Independent Citizens Oversight Committee 2022 Annual Report. A new representative will be elected to replace the member who withdrew. The committee will also be planning to reappoint members as terms will be ending in April 2023.

**EXHIBIT A****PROPOSITION AA BALLOT MEASURE**

The San Dieguito Union High School District Proposition AA Ballot Measure follows and can also be viewed at [www.sduhsd.net/ICOC](http://www.sduhsd.net/ICOC).

**EXHIBIT B****2021 AUDIT REPORTS**

The San Dieguito Union High School District Proposition AA Building Fund General Obligation Bonds 2021 Audit Report has been reviewed by the ICOC Committee at the time of this report. The 2021 Audit Report, and any previous year's reports, may be viewed at [www.sduhsd.net/Prop AA Annual Audits](http://www.sduhsd.net/Prop AA Annual Audits).