



PROPOSITION AA INDEPENDENT CITIZENS OVERSIGHT COMMITTEE MEETING

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

Superintendent
Dr. Cheryl James-Ward

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

Supported by the Business Services Division
Tina Douglas, Associate Superintendent

**TUESDAY, MARCH 15, 2022
6:00 PM**

THIS MEETING WILL BE HELD VIRTUALLY
Live-Stream Link is Available on the District Home Page Under ICOC

This meeting will be held in accordance with the San Dieguito Board of Trustees Resolution Authorizing Teleconference Meetings Pursuant to Assembly Bill 361 (Government Code Section 54953). The meeting will be live-streamed and video recorded. The public live-stream link will be posted online at www.sduhsd.net prior to the start of the meeting. Members of the Independent Citizens Oversight Committee may participate virtually/telephonically.

PUBLIC COMMENTS

Members of the public who wish to address the ICOC Committee may do so by submitting a request using this online form available [here](#). This form will open at 5:50 p.m. on March 15, 2022. Public comment will be limited to two (2) minutes per speaker and a total of 20 minutes per agenda. Public comment will be taken in the order that members of the public complete the online form.

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 72 hours prior to the Meeting will be available for review on the Committee website, 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.

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 15, 2022
6:00 PM

THIS MEETING WILL BE HELD VIRTUALLY

LIVE-STREAM LINK AVAILABLE ON THE DISTRICT HOME PAGE UNDER ICOC

This meeting will be held in accordance with Executive Order N-09-21 and the County of San Diego Health and Human Services Order of the Health Officer and Emergency Regulations issued on June 15, 2021. A copy of each order is available online at www.sduhsd.net and posted at 710 Encinitas Boulevard, Encinitas, CA.

PRELIMINARY FUNCTIONS (ITEMS 1-3)

1. CALL TO ORDER 6:00 PM
*WELCOME / MEETING PROTOCOL REMARKS COMMITTEE PRESIDENT
2. PLEDGE OF ALLEGIANCE
3. 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 4-5)

4. STAFF UPDATETINA DOUGLAS
5. REVIEW OF THE 2020/21 PROP AA ANNUAL AUDIT WILKINSON HADLEY KING & CO. LLP

DISCUSSION / ACTION ITEMS (ITEMS 6-8)

6. DRAFTING AND APPROVAL OF ICOC 2021 ANNUAL REPORT ROBIN DUVEEN
 - Moved by _____, second by _____, to approve the Prop AA Independent Citizens Oversight Committee 2021 Annual Report, in substantially the form being presented, subject to any corrections, as needed.
7. FUTURE AGENDA ITEMS
 - Election/Nomination of officers – April 19th
 - Establishment of 21/22 meeting schedule – April 19th
8. MEETING ADJOURNMENT

The next regularly scheduled Independent Citizens Oversight Committee meeting will be held in person at the San Dieguito Union High School District located at 710 Encinitas Blvd., Encinitas, CA 92024 on Tuesday, April 19, 2022, at 6:00 PM.

San Dieguito Union High School District

INFORMATION REGARDING ICOC AGENDA ITEM

TO: INDEPENDENT CITIZENS OVERSIGHT
COMMITTEE

DATE OF REPORT: March 3, 2022

ICOC MEETING DATE: March 15, 2022

PREPARED BY: Dawn Campbell, Director of Fiscal Services
John Addleman, Exec. Director of Planning Svcs.
Tina Douglas, Assoc. Supt. of Business Services

SUBMITTED BY: Dr. Cheryl James-Ward, Superintendent

SUBJECT: REVIEW OF THE 2021 ANNUAL PROPOSITION AA
BUILDING FUND AUDIT REPORT

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 61 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, 2022.

RECOMMENDATION:

It is recommended that the Committee review the 2021 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

PROPOSITION AA

BUILDING FUND (21-39)

GENERAL OBLIGATION BONDS

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

YEAR ENDED JUNE 30, 2021

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
PROPOSITION AA
BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS
Financial Statements and Supplemental Information
Year Ended June 30, 2021**

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INTRODUCTION

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
PROPOSITION AA BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS**

Introduction and Citizens' Oversight Committee Member Listing

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 Proposition AA Independent Citizens' Oversight Committee as of June 30, 2021 was comprised of the following members:

Name	Position	Term Expiration
Robin Duveen	President-Taxpayer Association Member	April 2023
Peter Chu	Representative-Member-At-Large	April 2023
Lakshmi Kommi	Secretary-Member-At-Large	April 2023
Lane Macy Kiefaber	Member-Business Organization	April 2023
Lucienne McCauley	Member-Senior Citizen Organization	April 2023
Amy Flicker	Member-Active Teacher-Parent Organization	April 2023
Gary Aguirre	Member-Parent of SDUHSD Student	April 2023
Diane Chau	Member-At-Large	April 2023
Kevin DeHaan	Member-At-Large	April 2023



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

Independent Auditor's Report

**Governing Board Members and
Citizens' Oversight Committee
San Dieguito Union High School District
Encinitas, California**

Report on the Financial Statements

We have audited the accompanying financial statements of Proposition AA Building Fund (21-39) of San Dieguito Union High School District, which comprise the balance sheet as of June 30, 2021, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

As discussed in Note B, the financial statements present only the Building Fund (21-39) which is specific to Proposition AA and is not intended to present fairly the financial position and results of operations of San Dieguito Union High School District in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Proposition AA Building Fund (21-39) of San Dieguito Union High School District as of June 30, 2021, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, as required by the *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2022, on our consideration of San Dieguito Union High School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 San Dieguito Union High School District'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 March 7, 2022 on our consideration of the District's compliance with the requirements of Proposition 39 with regards to the Proposition AA Building Fund (21-39). That report is an integral part of our audit of the District's Proposition AA Building Fund (21-39) for the fiscal year ended June 30, 2021 and should be considered in assessing the results of our financial audit.

Wilkinson Hadley King & Co., LLP

El Cajon, California

March 7, 2022

SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
PROPOSITION AA BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

This section of San Dieguito Union High School District's (District) Proposition AA Building Fund annual financial and performance audit report presents management's discussion and analysis of the Proposition AA Bond Program during the year ending June 30, 2021. Readers should also review the financial statements and notes to the basic financial statements included in the audit report to enhance their understanding of the Proposition AA Bond Program's financial and program performance.

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 \$431.3 million outstanding in general obligation bonds, as of June 30, 2021.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2021 are as follows:

- The fund balance for Proposition AA Building Fund is \$91.5 million, as of June 30, 2021, which is \$77.2 million higher than June 30, 2020, 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 \$544,580 as of June 30, 2021, as compared to \$675,000 as of June 30, 2020.
- Expenditures and other outgo as of June 30, 2021, totaled \$7.5 million, as compared to \$25.4 million in June 30, 2020.

FINANCIAL ANALYSIS OF THE PROPOSITION AA BUILDING FUND

Balance Sheet

The District's Proposition AA Building Fund balance as of June 30, 2021 was \$91.5 million (see Table A-1 below).

Table A-1

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
PROPOSITION AA BUILDING FUND
GENERAL OBLIGATION BONDS
JUNE 30, 2021**

	Building Fund		Total % Change
	2019-20	2020-21	
Cash	\$ 16,265,074	\$ 91,455,264	462.3%
Accounts Receivable	86,758	47,383	-45.4%
Total Assets	\$ 16,351,832	\$ 91,502,647	459.6%
Accounts Payable	\$ 2,065,163	\$ 38,040	-98.2%
Due To Other Funds	4,307	2,830	-34.3%
Total Liabilities	\$ 2,069,470	\$ 40,870	-98.0%
Fund Balance	14,282,362	91,461,777	540.4%
Total Liabilities and Fund Balance	\$ 16,351,832	\$ 91,502,647	459.6%

Fund Balance

The interest income reported represents funds earned on the cash held by the San Diego County Treasurer. The total expenditures of \$7.5 million are only for Proposition AA voter authorized expenses (see Table A-2 below).

Table A-2

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
PROPOSITION AA BUILDING FUND
GENERAL OBLIGATION BONDS
JUNE 30, 2021**

	Building Fund		Total % Change
	2019-20	2020-21	
<u>Revenues</u>			
Other State Income	\$ 20,093	\$ 15,493	-22.9%
Interest Income	619,943	133,066	-78.5%
Fair Market Value Adjustment	-	380,311	100.0%
Other Reimbursement Costs	32,701	-	-100.0%
Rebates and Refunds	2,187	-	-100.0%
Other Local Income	-	15,710	100.0%
Total Revenues	\$ 674,924	\$ 544,580	-19.31%
<u>Expenditures</u>			
Classified Salaries	\$ 801,466	\$ 725,534	-9.5%
Employee Benefits	287,428	265,631	-7.6%
Non-Capitalized Equipment	43,319	37,166	-14.2%
Computer Licensing	13,455	11,212	-16.7%
Services and Other Operating Expenses	10,466	-	-100.0%
Capital Outlay:			
Land Improvements	15,880	159,415	903.9%
New Construction	21,806,497	4,509,815	-79.3%
Construction Improvement	921,100	779,494	-15.4%
Equipment	1,445,047	610,022	-57.8%
Equipment Replacement	42,404	432,571	920.1%
Total Expenditures	\$ 25,387,062	\$ 7,530,860	-70.34%
<u>Other Financing Sources (Uses)</u>			
Proceeds from Series E bonds	\$ -	\$ 84,960,000	-
Proceeds from Refunding bonds	145,285,000	32,600,000	-
Debt Service Principal	(128,250,000)	(27,860,000)	-
Debt Service Interest	(16,350,000)	(4,449,157)	-
Series E Bond Premium	-	4,611,191	-
Transfer to Bond Interest and Redemption Fund		(4,148,027)	-
Cost of Issuance	(685,000)	(782,723)	-
Interfund Transfer to General Fund	(765,589)	(765,589)	-
Total Financing Sources (Uses)	\$ (765,589)	\$ 84,165,695	-
Net Change in Fund Balance	(25,477,727)	77,179,415	-402.9%
Fund Balance, Beginning	39,760,089	14,282,362	-64.1%
Fund Balance, Ending	\$ 14,282,362	\$ 91,461,777	540.38%

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 an increase of \$83,960,000 from the prior year, reflecting the final bond series issuance.

General Obligation Bonds Payable	2019-20	2020-21	Total % Change
Due within one year	\$ 5,740,000	\$ 7,040,000	22.6%
Due in more than one year	341,625,000	424,285,000	24.2%
Total General Obligation Bonds Payable	\$ 347,365,000	\$ 431,325,000	24.17%

PROPOSITION AA BUILDING FUND PLANNING AND CONSTRUCTION YEAR IN REVIEW

The 2020-2021 fiscal year began with the following two school construction projects underway throughout the San Dieguito Union High School District:

- La Costa Canyon High School – Culinary Arts Modernization
- Sunset High School (Now Requeza Education Center, home to Sunset High School and C.O.A.S.T. Academy) Reconstruction Project

At the same time, 2020 planning was underway on the Audio/Visual Technology Improvement projects for Canyon Crest Academy, Carmel Valley Middle School, and Diegueno Middle School.

Architectural/Engineering design and planning was being finalized for the Torrey Pines High School: Building I Food Service, Makerspace, CAD Lab Modernization (combined funding for construction costs).

By October 2020, the following additional seven projects were in planning for 2021 and beyond:

- La Costa Canyon High School – Technology Improvements (Exterior Wireless Access Points)
- Oak Crest Middle School – Crest Hall and Fire Road (Design)
- Oak Crest Middle School – Buildings C & I Modernization
- Oak Crest Middle School – Audio/Visual Technology Improvements
- San Dieguito Academy – Parking Lot Restoration and Outdoor Play Courts
- San Dieguito Academy – Buildings A, B & IV Modernization
- Torrey Pines High School – Balance of I Building: New Arts Complex Building & Campus Green/Parking Lot

By mid-year in January 2021, the La Costa Canyon Culinary Arts Modernization project was completed.

At the same time, planning and design had begun on Diegueno Middle School – Buildings C, D, F, K, & Cougar Hall Modernization.

In spring 2021, planning was finalized and construction began on the following seven projects:

- Canyon Crest Academy – Audio/Visual Technology Improvements
- La Costa Canyon High School – Technology Improvements (Exterior Wireless Access Points)
- Oak Crest Middle School – Buildings C and I Modernization School (Design funding)
- Oak Crest Middle School – Audio/Visual Technology Improvements
- San Dieguito Academy – Arts and Humanities Building Shade Structure
- Sunset High School – Technology Improvements (Multipurpose Room)
- Torrey Pines High School – I Building Food Service, Makerspace, CAD Lab Modernization (Design funding)

As 2020-2021 drew to a close, planning and design that began during that fiscal year was still underway for seven school projects with anticipated 2021-2022 and beyond construction starts:

- Audio/Visual Technology Improvements – Carmel Valley Middle School
- Audio/Visual Technology Improvements – Diegueno Middle School
- Diegueno Middle School – Buildings C, D, F, K & Cougar Hall Modernization (Design)
- Oak Crest Middle School – Crest Hall and Fire Road (Design)
- San Dieguito Academy – Parking Lot Restoration and Outdoor Play Courts
- San Dieguito Academy – Buildings A, B & IV Modernization
- Torrey Pines High School – the Balance of the I Building project: New Art Classroom Building, Campus Green and Parking Lot

At the same time, the following two projects were completed:

- La Costa Canyon High School – Technology Improvements (Exterior Wireless Access Points)
- Sunset High School – Reconstruction Project

Overall, the school construction projects completed in 2020-2021 were delivered on time and under or near budget, with a projected savings of \$1,176,769 to be used towards other voter-approved Prop AA projects.

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:

- Possible increases in building costs during construction

Requests for Information

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

FINANCIAL STATEMENTS

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
PROPOSITION AA BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS**

Balance Sheet
June 30, 2021

ASSETS

Current Assets

Cash and cash equivalents	\$ 91,455,264
Accounts receivable	47,383
Total Current Assets	<u>91,502,647</u>

TOTAL ASSETS

\$ 91,502,647

LIABILITIES AND FUND BALANCE

Current Liabilities

Accounts payable	\$ 38,040
Due to other funds	2,830
Total Current Liabilities	<u>40,870</u>

Fund Balance

Restricted for capital projects	<u>91,461,777</u>
Total Fund Balance	<u>91,461,777</u>

TOTAL LIABILITIES AND FUND BALANCE

\$ 91,502,647

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
PROPOSITION AA BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS**

Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2021

REVENUES

Other state income	\$ 15,493
Interest income	133,066
Fair market value adjustment	380,311
Other local income	15,710
TOTAL REVENUES	<u>544,580</u>

EXPENDITURES

Classified salaries	725,534
Employee benefits and taxes	265,631
Non-capitalized equipment	37,166
Computer licensing	11,212
Capital Outlay:	
Land improvements	159,415
New construction	4,509,815
Construction improvements	779,494
Equipment	610,022
Technology equipment	432,571
TOTAL EXPENDITURES	<u>7,530,860</u>

**EXCESS (DEFICIENCY) OF REVENUES
OVER (UNDER) EXPENDITURES**

(6,986,280)

OTHER FINANCING SOURCES (USES):

Proceeds from Series E bonds	84,960,000
Proceeds from refunding bonds	32,600,000
Debt principal on partial refunding of 2015 B-2 bonds	(27,860,000)
Debt service interest	(4,449,157)
Series E bond premium	4,611,191
Transfer to Bond Interest and Redemption Fund	(4,148,027)
Cost of bond issuance	(782,723)
Interfund transfer to General Fund	(765,589)
TOTAL OTHER FINANCING SOURCES (USES)	<u>84,165,695</u>

NET CHANGE IN FUND BALANCE

77,179,415

FUND BALANCE, BEGINNING OF YEAR

14,282,362

FUND BALANCE, END OF YEAR

\$ 91,461,777

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
PROPOSITION AA BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS**

Notes to the Financial Statements
Year Ended June 30, 2021

A. Definition of the Fund

The Building Fund (21-39) was formed to account for property acquisition and construction of new schools as well as renovation of current schools for San Dieguito Union High School District (District), through expenditures of general obligation bonds issued under Proposition AA General Obligation Bonds Election of 2012. Fund (21-39) is one of the Building Funds of the District.

B. Summary of Significant Policies

Basis of Presentation

The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's School Accounting Manual. The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB) and *Audits of State and Local Governmental Units* issued by the American Institute of Certified Public Accountants.

Fund Structure

The accompanying financial statements are used to account for the transactions of the Building Fund (21-39) specific to Proposition AA as defined in Note A and are not intended to present fairly the financial position and results of operations of San Dieguito Union High School District in conformity with accounting principles generally accepted in the United States of America.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The Building Fund (21-39) is maintained on the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered). With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

Budgets and Budgetary Accounting

The Board of Trustees adopts an operating budget no later than July 1 in accordance with state law. This budget is revised by the Board of Trustees during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
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Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated at June 30 since they do not constitute expenditures or liabilities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Cash in County Treasury

In accordance with Education Code §41001, the District maintains a substantial amount of 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 fair value, in accordance with the requirements of GASB Statement No. 31.

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.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund receivables/payables. Accounts receivable are recorded net of estimated uncollectible amounts. There were no significant receivables that are not scheduled for collection within one year of year end.

Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

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

Deferred Inflows and Deferred Outflows of Resources

Deferred outflows of resources is a consumption of net position that is applicable to a future reporting period. Deferred inflows of resources is an acquisition of net position that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are recorded in accordance with GASB Statement numbers 63 and 65. At June 30, 2021 the Districts Proposition AA Building Fund (21-39) did not have any deferred inflows or deferred outflows of resources.

Pensions

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

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

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Valuation Date (VD)	June 30, 2019
Measurement Date (MD)	June 30, 2020
Measurement Period (MP)	July 1, 2019 to June 30, 2020

Postemployment Benefits Other than Pensions (OPEB)

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

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

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

Fair Value Measurements

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

Level 1 Inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.

Level 2 Inputs: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 Inputs: Unobservable inputs for an asset or liability.

C. Fair Value Measurements

The District's investments attributed to Proposition AA Building Fund (21-39) at June 30, 2021, 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	\$ 91,455,264	\$ -	\$ 91,455,264	\$ -
Total investments by fair value level	\$ 91,455,264	\$ -	\$ 91,455,264	\$ -

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

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

Cash in County Treasury

The District maintains significantly all of its cash in the San Diego County Treasury as part of the common investment pool. As of June 30, 2021, the portion of cash in the San Diego County Treasury attributed to Building Fund (21-39) was \$91,074,953. The fair value of Building Fund (21-39)'s portion of this pool as of that date, as provided by the pool sponsor, was \$91,455,264. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At year end, the District's Building Fund (21-39) was not exposed to custodial credit risk.

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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. At year end the District's Building Fund (21-39) was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the county pool.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District's Building Fund (21-39) was not exposed to foreign currency risk.

E. Accounts Receivable

As of June 30, 2021 accounts receivable consisted of:

	Accounts Receivable
Local Sources:	
Interest	\$ 47,383

All receivables are expected to be collected within one year and as such, no allowance for doubtful accounts has been established.

F. Accounts Payable

As of June 30, 2021 accounts payable consisted of:

	Accounts Payable
Vendors payable	\$ 24,547
Pension related benefits	11,669
Use tax payable	1,824
Total Accounts Payable	\$ 38,040

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G. Interfund Balances and Activities

Interfund transfers to and from other funds at June 30, 2021 are as follows:

Transfer to General Fund	<u>\$ 765,589</u>
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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 at June 30, 2021 are as follows:

	<u>Due To</u> <u>Other Funds</u>
Due to General Fund	<u>\$ 2,830</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).

H. General Obligation Bonds

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.

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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, 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.

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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.

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.

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

Refunding Bond Calculation of Gain/Loss on Refunding

New Bonds: 2021 General Obligation Refunding Bonds

Refunding: 2015 General Obligation Bonds, Series B-2

Net Carrying Amount of Debt:

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

Face Value of New Debt	\$ 32,600,000
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Gain or (Loss) on Refunding	\$ (4,740,000)
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Refunding Bond Calculation of Economic Gain/Loss:

Refunding Decreased Debt Service Payments By \$1,935,956

Decrease in Debt Service Payments:

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

Face Amount of 2021 General Obligation Refunding Bonds	\$ 32,600,000
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All Costs Not Recoverable Through Escrow Rate Earnings	(290,843)
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Present Value Used as Effective Rate Target:	\$ 32,309,157
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Economic Gain:

Present Value of Old Debt	\$ 33,881,713
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Present Value of 2021 General Obligation Refunding Bonds	(32,309,157)
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Calculated Economic Gain	\$ 1,572,556
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SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
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The outstanding bonded debt of Proposition AA Building Fund (21-39) is as follows:

Description	Date of Issuance	Interest Rate	Maturity Date	Original Issue Amount	Beginning Balance	Increases	Decreases	Ending Balance
Election 2012 Series A	03/27/13	1.00-5.00%	08/01/24	\$ 160,000,000	\$ 13,715,000	\$ -	\$ 1,745,000	\$ 11,970,000
2012 A Premium	03/27/13		08/01/24	8,336,717	714,457	-	90,879	623,578
2012 Discount	03/27/13		08/01/24	(744,000)	(63,761)		(8,110)	(55,651)
Total 2012 Series A				<u>\$ 167,592,717</u>	<u>\$ 14,365,696</u>	<u>\$ -</u>	<u>\$ 1,827,769</u>	<u>\$ 12,537,927</u>
Election 2012 Series B	04/15/15	0.60-4.50%	08/01/40	\$ 117,040,000	\$ 104,430,000	\$ -	\$ 27,860,000	\$ 76,570,000
2012 B Premium	04/15/15		08/01/40	6,379,386	5,039,717	-	866,323	4,173,394
Total 2012 Series B				<u>\$ 123,419,386</u>	<u>\$ 109,469,717</u>	<u>\$ -</u>	<u>\$ 28,726,323</u>	<u>\$ 80,743,394</u>
Election 2012 Series C	06/28/16	0.80-4.75%	08/01/41	\$ 62,000,000	\$ 61,205,000	\$ -	\$ -	\$ 61,205,000
2012 C Premium	06/28/16		08/01/41	2,970,848	2,495,512	-	118,834	2,376,678
Total 2012 Series C				<u>\$ 64,970,848</u>	<u>\$ 63,700,512</u>	<u>\$ -</u>	<u>\$ 118,834</u>	<u>\$ 63,581,678</u>
Election 2012 Series D	05/16/18	2.59-4.00%	08/01/42	\$ 25,000,000	\$ 22,730,000	\$ -	\$ 2,090,000	\$ 20,640,000
2012 D Premium	05/16/18		08/01/42	939,590	861,290	-	39,150	822,140
Total 2012 Series D				<u>\$ 25,939,590</u>	<u>\$ 23,591,290</u>	<u>\$ -</u>	<u>\$ 2,129,150</u>	<u>\$ 21,462,140</u>
Refunding Bonds 2020	05/12/20	1.07-2.85%	08/01/38	\$ 145,285,000	\$ 145,285,000	\$ -	\$ 1,905,000	\$ 143,380,000
Election 2012 Series E	06/09/21	0.17-4.00%	08/01/43	\$ 84,960,000	\$ -	\$ 84,960,000	\$ -	\$ 84,960,000
2012 E Premium	06/09/21			4,611,191	-	4,611,191	-	4,611,191
Total 2012 Series E				<u>\$ 89,571,191</u>	<u>\$ -</u>	<u>\$ 89,571,191</u>	<u>\$ -</u>	<u>\$ 89,571,191</u>
Refunding Bonds 2021	06/09/21	0.15-2.48%	08/01/36	\$ 32,600,000	\$ -	\$ 32,600,000	\$ -	\$ 32,600,000
TOTAL				<u>\$ 649,378,732</u>	<u>\$ 356,412,215</u>	<u>\$ 122,171,191</u>	<u>\$ 34,707,076</u>	<u>\$ 443,876,330</u>

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The annual requirements to amortize the general obligation bonds payable outstanding as of June 30, 2021 is as follows:

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

I. Bond Premium

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

The District has issued bonds at a premium. The premiums are being amortized over the life of the debt using the straight-line method.

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

	2013 Series A Bonds	2015 Series B Bonds	2016 Series C Bonds	2018 Series D Bonds	2018 Series E Bonds
Total Interest Payments on Bonds	\$113,607,493	\$ 88,265,753	\$ 42,624,776	\$ 18,093,285	\$ 40,309,058
Less Bond Premium	(8,336,717)	(6,379,386)	(2,852,014)	(939,590)	(4,611,191)
Add Bond Discount	744,000	-	-	-	-
Net Interest Payments	<u>\$106,014,776</u>	<u>\$ 81,886,367</u>	<u>\$ 39,772,762</u>	<u>\$ 17,153,695</u>	<u>\$ 35,697,867</u>
Par Amount of Bonds	\$160,000,000	\$117,040,000	\$ 62,000,000	\$ 25,000,000	\$ 80,615,000
Periods	25	25	25	25	22
Effective Interest Rate	2.650%	2.790%	2.560%	2.740%	2.010%

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J. Construction Commitments

As of June 30, 2021 the Building Fund (21-39) had the following commitments with respect to unfinished capital projects:

Project	Commitment	*Expected Date of Final Completion	Percentage Complete
Canyon Crest Audio/Visual Technology Improvements	\$ 470,132	08/06/21	24.60%
Oak Crest Audio/Visual Technology Improvements	365,768	09/15/21	0.00%
San Dieguito Academy Shade Structure	95,337	08/31/21	11.00%
Torrey Pines Building I Food Service/Makerspace Lab	867,328	12/31/21	7.50%
Torrey Pines Building I New Digital Arts Classroom	40,800	12/31/21	50.00%
San Dieguito Academy Parking Lot/Outdoor Play Court	241,493	02/28/22	65.80%
Oak Crest Buildings C and I Modernization, Crest Hall	245,746	09/30/23	7.80%

*Expected date of final completion subject to change.

K. Pension Plans

The following information presented below is the District's government-wide pension plan amounts for CalPERS and CalSTRS. As of June 30, 2021, the Building Fund (21-39) or bond fund was 0.56% of the District's total State Teachers' Retirement System expenditures and 2.84% of the District's total Public Employee's Retirement System expenditures.

1. General Information About the Pension Plans

a. Plan Descriptions

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

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b. Benefits Provided

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

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

	CalSTRS	
	Before Jan. 1, 2013	On or After Jan. 1, 2013
Benefit Formula	2% at 60	2% at 62**
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	55-60	55-62
Monthly benefits, as a % of eligible compensation	1.1 - 2.4%*	1.0 - 2.4%*
Required Employee Contribution Rates (at June 30, 2020)	10.250%	10.205%
Required Employer Contribution Rates (at June 30, 2020)	16.150%	16.150%
Required State Contribution Rates (at June 30, 2020)	10.328%	10.328%

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

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

	CalPERS	
	Before Jan. 1, 2013	On or After Jan. 1, 2013
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50-62	52-67
Monthly benefits, as a % of eligible compensation	1.1 - 2.5%	1.0 - 2.5%
Required Employee Contribution Rates (at June 30, 2020)	7.000%	7.000%
Required Employer Contribution Rates (at June 30, 2020)	20.700%	20.700%

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c. Contributions

CalSTRS

For the fiscal year ended June 30, 2021 (measurement date June 30, 2020), Section 22950 of the California Education Code requires members to contribute monthly to the system 10.205% (if hired on or after January 1, 2013) or 10.250% (if hired before January 1, 2013) of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS Board have been established at 16.15% of creditable compensation for the measurement period ended June 30, 2020 and for the fiscal year ended June 30, 2021. Rates are defined in Section 22950.5 through fiscal year ending June 30, 2021. Beginning in the fiscal year 2021-22 and for each fiscal year thereafter, the CalSTRS Board has the authority to increase or decrease percentages paid specific to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the Board based upon a recommendation from its actuary. Those adjustments are limited to 1% annually, not to exceed 20.25% of creditable compensation. For 2020-21, the employer rate reflects a 2.95% reduction from the rates that was originally required in the funding plan.

CalPERS

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

On Behalf Payments

Consistent with Section 22955.1 of the California Education Code, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the fiscal year ended June 30, 2021 (measurement date June 30, 2020) the State contributed 10.328% of salaries creditable to CalSTRS. Consistent with the requirements of generally accepted accounting principles, the District has recorded these contributions as revenue and expense in the fund financial statements (current financial resources measurement focus). The government-wide financial statements have recorded revenue and expense for pension expense paid on behalf of the District (economic resources measurement focus). Contributions reported for on behalf payments are based on the District's proportionate share of the State's contribution for the fiscal year.

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Contributions made by the State on behalf of the District's Building Fund and the State's pension expense associated with District employees for the past three fiscal years is as follows:

CalSTRS			
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2019	9.828%	\$ 28,217	\$ (8,819)
2020	10.328%	19,847	6,274
2021	10.328%	15,493	14,147

CalPERS			
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2019	6.940%	37,001	-

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

d. Contributions Recognized

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

	District Share of CalSTRS	Bond Share of CalSTRS
Contributions - Employer	\$ 12,059,575	\$ 23,083
Contributions - State On Behalf Payments	8,088,908	15,493
Total Contributions	<u>\$ 20,148,483</u>	<u>\$ 38,576</u>
	District Share of CalPERS	Bond Share of CalPERS
Contributions - Employer	\$ 4,400,822	\$ 119,211
Contributions - State On Behalf Payments	-	-
Total Contributions	<u>\$ 4,400,822</u>	<u>\$ 119,211</u>

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

As of June 30, 2021 (measurement period June 30, 2020), the District reported net pension liabilities for its proportionate shares of the net pension liability of each plan as follows:

	District Proportionate Share of Net Pension Liability	Bond Proportionate Share of Net Pension Liability
CalSTRS	\$ 112,648,048	\$ 302,356
CalPERS	43,551,558	1,271,507
Total Net Pension Liability	<u>\$ 156,199,606</u>	<u>\$ 1,573,863</u>

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

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

	District Share for CalSTRS			Bond Share for CalSTRS		
	District's Proportionate Share	State's Proportionate Share	Total For District Employees	Bond Proportionate Share	State's Proportionate Share	Total For Bond Employees
Proportion - June 30, 2020	0.1288%	0.0731%	0.2019%	0.0003%	0.0002%	0.0005%
Proportion - June 30, 2021	0.1162%	0.0826%	0.1988%	0.0003%	0.0002%	0.0005%
Change in Proportion	<u>-0.0126%</u>	<u>0.0095%</u>	<u>-0.0031%</u>	<u>0.0000%</u>	<u>0.0000%</u>	<u>0.0000%</u>

	District's Share CalPERS	Bond Share CalPERS
Proportion - June 30, 2020	0.1408%	0.0038%
Proportion - June 30, 2021	0.1419%	0.0041%
Change in Proportion	<u>0.0011%</u>	<u>0.0003%</u>

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a. Pension Expense

For the measurement period ended June 30, 2020 (fiscal year June 30, 2021), pension expense was recognized as follows:

Pension expense for the CalSTRS plan was as follows:

	District Share of CalSTRS	Bond Share of CalSTRS
Change in Net Pension Liability (Asset)	\$ (3,718,931)	\$ (3,821)
State on Behalf Pension Expense	5,268,139	14,147
Employer Contributions to Pension Expense	12,059,575	23,083
Change in Contributions Subsequent to Measurement Date	275,941	9,777
Change in Other Deferred Outflows/Inflows of Resources	2,899,779	52,293
Total Pension Expense	<u>\$ 16,784,503</u>	<u>\$ 95,479</u>

Pension expense for the CalPERS plan was as follows:

	District Share of CalPERS	Bond Share of CalPERS
Change in Net Pension Liability (Asset)	\$ 2,504,212	\$ 150,328
Employer Contributions to Pension Expense	4,400,822	119,211
Change in Contributions Subsequent to Measurement Date	(180,590)	(438)
Change in Other Deferred Outflows/Inflows of Resources	2,468,421	(7,610)
Total Pension Expense	<u>\$ 9,192,865</u>	<u>\$ 261,491</u>

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b. Deferred Outflows and Inflows of Resources

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

	District Share of Deferred Outflows of Resources			Bond Share of Deferred Outflows of Resources		
	CalSTRS	CalPERS	Total	CalSTRS	CalPERS	Total
Pension contributions subsequent to measurement date	\$ 12,059,575	\$ 4,400,822	\$ 16,460,397	\$ 23,083	\$ 119,211	\$ 142,294
Differences between actual and expected experience	185,878	2,385,362	2,571,240	687	67,664	68,351
Changes in assumptions	8,784,948	202,118	8,987,066	31,439	6,399	37,838
Net difference between projected and actual earnings	1,767,845	398,915	2,166,760	76,456	76,732	153,188
Changes in employer's proportionate share	2,279,810	815,381	3,095,191	780	21,346	22,126
Total Deferred Outflows of Resources	<u>\$ 25,078,056</u>	<u>\$ 8,202,598</u>	<u>\$ 33,280,654</u>	<u>\$ 132,445</u>	<u>\$ 291,352</u>	<u>\$ 423,797</u>

	District Share of Deferred Inflows of Resources			Bond Share of Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total	CalSTRS	CalPERS	Total
Differences between actual and expected experience	\$ (2,725,184)	\$ -	\$ (2,725,184)	\$ (7,305)	\$ -	\$ (7,305)
Changes in employer's proportionate share	(9,577,863)	(2,033,322)	(11,611,185)	(112,967)	(130,820)	(243,787)
Total Deferred Inflows of Resources	<u>\$ (12,303,047)</u>	<u>\$ (2,033,322)</u>	<u>\$ (14,336,369)</u>	<u>\$ (120,272)</u>	<u>\$ (130,820)</u>	<u>\$ (251,092)</u>

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

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

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Year Ended June 30	Bond Share of Deferred Outflows of Resources		Bond Share of Deferred Inflows of Resources		Net Effect On Expenses
	CalSTRS	CalPERS	CalSTRS	CalPERS	
2022	\$ 100,241	\$ 179,345	\$ (37,558)	\$ (57,678)	\$ 184,350
2023	11,407	43,653	(37,553)	(57,677)	(40,170)
2024	15,188	38,404	(37,143)	(15,465)	984
2025	4,694	29,950	(6,262)	-	28,382
2026	459	-	(1,325)	-	(866)
Thereafter	456	-	(431)	-	25
Total	<u>\$ 132,445</u>	<u>\$ 291,352</u>	<u>\$ (120,272)</u>	<u>\$ (130,820)</u>	<u>\$ 172,705</u>

c. Actuarial Assumptions

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

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

- (1) CalSTRS post retirement benefit increases assumed at 2% simple for DB annually maintaining 85% purchasing power level.
- (2) CalSTRS base mortality tables are custom tables derived to best fit the patterns of mortality among CalSTRS members. The projection scale was set to equal 100% of the ultimate improvement factor for the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.
- (3) Varies by entry age and service.
- (4) CalPERS post retirement benefit increases assumes 2.00% until PPPA floor on purchasing power applies, 2.50% thereafter.
- (5) CalPERS mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the Society of Actuaries 90% of scale MP-2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

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d. Discount Rate

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

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

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

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

CalSTRS and CalPERS are scheduled to review all actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle. The last ALM completed by CalSTRS was conducted in 2015. CalSTRS is in process of completing the next ALM and expects to complete the process by November 2019. CalPERS completed their ALM in 2018 with new policies in effect on July 1, 2018. Both CalSTRS and CalPERS conduct new ALM's every 4 years.

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

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

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

CalSTRS

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

*20 year average

CalPERS

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

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

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

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

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

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

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	District Share		Bond Share	
	CalSTRS	CalPERS	CalSTRS	CalPERS
1% Decrease	6.10%	6.15%	6.10%	6.15%
Net Pension Liability	\$ 170,195,509	\$ 62,613,307	\$ 456,818	\$ 1,828,023
Current Discount Rate	7.10%	7.15%	7.10%	7.15%
Net Pension Liability	\$ 112,648,048	\$ 43,551,558	\$ 302,356	\$ 1,271,507
1% Increase	8.10%	8.15%	8.10%	8.15%
Net Pension Liability	\$ 65,134,515	\$ 27,731,263	\$ 174,826	\$ 809,626

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

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

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Year Ended June 30, 2021

CalSTRS - Bond Share	Increase (Decrease)				
	Total	Plan	Net	State's Share	Bond's Share
	Pension	Fiduciary	Pension	of Net Pension	of Net Pension
	Liability	Net Position	Liability	Liability	Liability
	(a)	(b)	(a) - (b)	(c)	(a) - (b) - (c)
Balance at June 30, 2020	\$ 1,757,818	\$ 1,275,522	\$ 482,296	\$ 176,119	\$ 306,177
Changes for the year:					
CalSTRS auditor adjustment	(9)	-	(9)	(3)	(6)
Change in proportionate share	(209,802)	(152,238)	(57,564)	(33,178)	(24,386)
Service cost	34,517	-	34,517	11,617	22,900
Interest	109,732	-	109,732	36,930	72,802
Differences between expected and actual experience	(4,529)	-	(4,529)	(1,524)	(3,005)
Change in assumptions	4,839	-	4,839	1,629	3,210
Contributions - Employer	-	28,592	(28,592)	(9,623)	(18,969)
Contributions - Employee	-	17,565	(17,565)	(5,911)	(11,654)
Contributions - State on Behalf	-	20,912	(20,912)	(7,038)	(13,874)
Net investment income	-	47,511	(47,511)	(15,990)	(31,521)
Other income	-	477	(477)	(161)	(316)
Benefit payments, including refunds of employee contributions	(75,358)	(75,358)	-	-	-
Administrative expenses	-	(1,029)	1,029	346	683
Borrowing costs	-	(445)	445	150	295
Other expenses	-	(30)	30	10	20
Net Changes	(140,610)	(114,043)	(26,567)	(22,746)	(3,821)
Balance at June 30, 2021	<u>\$ 1,617,208</u>	<u>\$ 1,161,479</u>	<u>\$ 455,729</u>	<u>\$ 153,373</u>	<u>\$ 302,356</u>

SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
PROPOSITION AA BUILDING FUND (21-39)
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Notes to the Financial Statements

Year Ended June 30, 2021

<u>CalPERS - District Share</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balance at June 30, 2020	\$ 137,040,663	\$ 95,993,317	\$ 41,047,346
Changes for the year:			
Change in proportionate share	1,068,365	748,361	320,004
Service cost	3,268,704	-	3,268,704
Interest	9,800,529	-	9,800,529
Differences between expected and actual experience	642,223	-	642,223
Contributions - Employer	-	4,068,205	(4,068,205)
Contributions - Employee	-	1,487,507	(1,487,507)
Nonemployer	-	1,283,138	(1,283,138)
Net plan to plan resource movement	-	232	(232)
Net investment income	-	4,823,881	(4,823,881)
Benefit payments, including refunds of employee contributions	(6,630,523)	(6,630,523)	-
Administrative expenses	-	(135,715)	135,715
Net Changes	<u>8,149,298</u>	<u>5,645,086</u>	<u>2,504,212</u>
Balance at June 30, 2021	<u>\$ 145,189,961</u>	<u>\$ 101,638,403</u>	<u>\$ 43,551,558</u>
<u>CalPERS - Bond Share</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balance at June 30, 2020	\$ 3,743,169	\$ 2,621,990	\$ 1,121,179
Changes for the year:			
Change in proportionate share	288,984	202,426	86,558
Service cost	95,431	-	95,431
Interest	286,131	-	286,131
Differences between expected and actual experience	18,750	-	18,750
Contributions - Employer	-	118,773	(118,773)
Contributions - Employee	-	43,428	(43,428)
Nonemployer	-	37,462	(37,462)
Net plan to plan resource movement	-	7	(7)
Net investment income	-	140,835	(140,835)
Benefit payments, including refunds of employee contributions	(193,581)	(193,581)	-
Administrative expenses	-	(3,963)	3,963
Net Changes	<u>495,715</u>	<u>345,387</u>	<u>150,328</u>
Balance at June 30, 2021	<u>\$ 4,238,884</u>	<u>\$ 2,967,377</u>	<u>\$ 1,271,507</u>

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

SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
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L. Compensated Absences

As of June 30, 2021, the District had a compensated absences liability associated with employees charged to Proposition AA Building Fund (21-39) as follows:

	Proposition AA Building Fund (21-39)
	<hr/>
Accrued Vacation Balances	\$ 157,765
	<hr/> <hr/>

M. Postemployment Benefits Other Than Pension Benefits

The following information presented below is the District's government-wide liability for OPEB. The bond fund had 0.7461% of the District's total OPEB expense.

1. General Information about the OPEB Plan

Plan Description

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

Plan Eligibility

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

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

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

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

Employees Covered by Benefit Terms

At June 30, 2021, the following retirees were covered by the benefit terms:

Inactive plan members of beneficiaries currently receiving benefit payments	75
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	<u>1,015</u>
Total number of participants	<u><u>1,090</u></u>

2. Total OPEB Liability

The District's net OPEB liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The net OPEB liability on the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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

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

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

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
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Discount Rate

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

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

Actuarial Cost Method

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

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

Actuarial Value of Assets

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

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major class included in the OPEB plan's target asset allocation as of June 30, 2021, are summarized in the following table:

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

Long-term expected rate of return is 5.50%.

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
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Year Ended June 30, 2021

Changes in Net OPEB Liability

	District Total OPEB Liability	District Plan Fiduciary Net Position	District Net OPEB Liability
Balance at June 30, 2020	\$ 32,695,587	\$ -	\$ 32,695,587
Changes for the year:		-	
Service Cost	2,792,779	-	2,792,779
Interest	1,225,312	-	1,225,312
Contributions - employer	-	1,217,231	(1,217,231)
Net investment income	-	8,563	(8,563)
Trust administrative expenses	-	(158)	158
Changes in assumptions or other inputs	(4,001,168)	-	(4,001,168)
Differences between expected and actual	1,495,316	-	1,495,316
Benefit payments	(967,231)	(967,231)	-
Net changes	545,008	258,405	286,603
Balance at June 30, 2021	<u>\$ 33,240,595</u>	<u>\$ 258,405</u>	<u>\$ 32,982,190</u>

	Building Fund (21-39) Total OPEB Liability	Building Fund (21-39) Plan Fiduciary Net Position	Building Fund (21-39) Net OPEB Liability
Balance at June 30, 2020	\$ 243,970	\$ -	\$ 243,970
Changes for the year:		-	-
Service Cost	20,806	-	20,806
Interest	9,129	-	9,129
Contributions - employer	-	9,068	(9,068)
Net investment income	-	64	(64)
Trust administrative expenses	-	(1)	1
Changes in assumptions or other inputs	(29,809)	-	(29,809)
Differences between expected and actual	11,140	-	11,140
Benefit payments	(7,206)	(7,206)	-
Net changes	4,060	1,925	2,135
Balance at June 30, 2021	<u>\$ 248,030</u>	<u>\$ 1,925</u>	<u>\$ 246,105</u>

There were no changes in benefit terms for the fiscal year ended June 30, 2021.

SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
PROPOSITION AA BUILDING FUND (21-39)
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Year Ended June 30, 2021

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

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

	<u>1% Decrease</u> <u>(4.05%)</u>	<u>Discount Rate</u> <u>(5.05%)</u>	<u>1% Increase</u> <u>(6.05%)</u>
District's Net OPEB Liability	\$ 35,521,029	\$ 32,982,190	\$ 30,603,664
Building Fund (21-39) Share Net Liability	\$ 264,632	\$ 246,105	\$ 227,997

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	<u>1% Decrease</u> <u>5.00%</u> <u>decreasing to</u> <u>4.00%</u>	<u>Healthcare</u> <u>Cost Trend</u> <u>Rate</u> <u>6.00%</u> <u>decreasing to</u> <u>5.00%</u>	<u>1% Increase</u> <u>7.00%</u> <u>decreasing to</u> <u>6.00%</u>
District's Net OPEB Liability	\$ 30,216,434	\$ 32,982,190	\$ 35,659,104
Building Fund (21-39) Share Net Liability	\$ 225,112	\$ 246,105	\$ 265,660

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

For the year ended June 30, 2021 the District recognized OPEB expense of \$3,469,802 (\$25,888 of which is associated with employees paid from Building Fund (21-39). At June 30, 2021 the District reported deferred outflows of resources and deferred inflows related to the following sources:

	<u>District</u> <u>Deferred</u> <u>Outflows of</u> <u>Resources</u> <u>OPEB Related</u>	<u>Building</u> <u>Fund (21-39)</u> <u>Deferred</u> <u>Outflows of</u> <u>Resources</u> <u>OPEB Related</u>
Contributions subsequent to measurement date	\$ 858,192	\$ 6,394
Differences between expected and actuarial experience in measurement of total OPEB	1,345,784	10,026
	<u>\$ 2,203,976</u>	<u>\$ 16,420</u>

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
PROPOSITION AA BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS**

Notes to the Financial Statements

Year Ended June 30, 2021

	District Deferred Inflows of Resources <u>OPEB Related</u>	Building Fund (21-39) Deferred Inflows of Resources <u>OPEB Related</u>
Net difference between projected and actual earnings in OPEB plan investments	\$ (1,427)	\$ (11)
Changes of assumptions	(4,898,533)	(36,494)
Differences between expected and actuarial experience in measurement of total OPEB	<u>(547,276)</u>	<u>(4,077)</u>
	<u><u>\$ (5,447,236)</u></u>	<u><u>\$ (40,582)</u></u>

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense during the fiscal year ending June 30, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

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

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
PROPOSITION AA BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS**

Schedule of the Bond's Proportionate Share of the Net Pension Liability
California State Teachers' Retirement System (CalSTRS)
Last Ten Fiscal Years*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset)	0.1162%	0.1288%	0.1281%	0.1294%	0.1209%	0.1196%	0.1263%	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 112,648,048	\$ 116,366,979	\$ 117,757,677	\$ 119,674,988	\$ 97,797,306	\$ 80,535,333	\$ 73,782,939	N/A	N/A	N/A
State's proportion of the net pension liability (asset) associated with the District	80,076,345	66,039,313	67,671,121	71,067,638	60,499,140	50,492,934	46,983,210	N/A	N/A	N/A
Total	<u>\$ 192,724,393</u>	<u>\$ 182,406,292</u>	<u>\$ 185,428,798</u>	<u>\$ 190,742,626</u>	<u>\$ 158,296,446</u>	<u>\$ 131,028,267</u>	<u>\$ 120,766,149</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 71,558,690	\$ 68,044,491	\$ 68,044,491	\$ 68,421,216	\$ 68,951,765	\$ 60,074,753	\$ 55,280,293	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	157.42%	171.02%	173.06%	174.91%	141.83%	134.06%	133.47%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%	76.52%	N/A	N/A	N/A
Bond's proportion of the net pension liability (asset)	0.0003%	0.0003%	0.0005%	0.0005%	0.0003%	0.0003%	0.0003%	N/A	N/A	N/A
Bond's proportionate share of the net pension liability (asset)	\$ 302,356	\$ 306,177	\$ 465,968	\$ 442,453	\$ 227,743	\$ 189,457	\$ 179,292	N/A	N/A	N/A
State's proportion of the net pension liability (asset) associated with the Bond	153,373	176,119	267,449	164,850	161,762	134,648	87,655	N/A	N/A	N/A
Total	<u>\$ 455,729</u>	<u>\$ 482,296</u>	<u>\$ 733,417</u>	<u>\$ 607,303</u>	<u>\$ 389,505</u>	<u>\$ 324,105</u>	<u>\$ 266,947</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Bond's covered-employee payroll	\$ 192,164	\$ 269,238	\$ 253,127	\$ 253,127	\$ 139,898	\$ 130,046	\$ 135,951	N/A	N/A	N/A
Bond's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	157.34%	113.72%	184.08%	174.79%	162.79%	145.68%	131.88%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%	76.52%	N/A	N/A	N/A

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

See accompanying notes to required supplementary information

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
PROPOSITION AA BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS**

Schedule of Bond's Contributions
California State Teachers' Retirement System (CalSTRS)
Last Ten Fiscal Years*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District:										
Contractually required contribution	\$ 12,059,575	\$ 12,335,516	\$ 11,404,127	\$ 9,928,410	\$ 8,674,132	\$ 6,446,021	\$ 4,908,890	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(12,059,575)	(12,335,516)	(11,404,127)	(9,928,410)	(8,674,132)	(6,446,021)	(4,908,890)	N/A	N/A	N/A
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 74,672,291	\$ 72,137,520	\$ 70,049,920	\$ 68,803,950	\$ 68,951,765	\$ 60,074,756	\$ 55,280,293	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%	N/A	N/A	N/A
Bond Portion:										
Contractually required contribution	\$ 23,083	\$ 32,860	\$ 29,704	\$ 38,851	\$ 31,843	\$ 15,011	\$ 11,548	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(23,083)	(32,860)	(29,704)	(38,851)	(31,843)	(15,011)	(11,548)	N/A	N/A	N/A
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Bond's covered-employee payroll	\$ 142,929	\$ 192,164	\$ 182,457	\$ 269,238	\$ 253,127	\$ 139,898	\$ 130,046	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%	N/A	N/A	N/A

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

See accompanying notes to required supplementary information

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
PROPOSITION AA BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS**

Schedule of the Bond's Proportionate Share of the Net Pension Liability
California Public Employee Retirement System (CalPERS)
Last Ten Fiscal Years*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset)	0.1419%	0.1408%	0.1497%	0.1562%	0.1525%	0.1448%	0.1476%	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset)	\$ 43,551,558	\$ 41,047,346	\$ 39,913,666	\$ 37,278,559	\$ 30,126,345	\$ 21,336,448	\$ 16,750,628	N/A	N/A	N/A
District's covered-employee payroll	\$ 20,628,731	\$ 19,710,497	\$ 19,959,745	\$ 20,056,300	\$ 20,047,717	\$ 18,471,841	\$ 16,097,264	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	211.12%	208.25%	199.97%	185.87%	150.27%	115.51%	104.06%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%	83.38%	N/A	N/A	N/A
Bond's proportion of the net pension liability (asset)	0.0041%	0.0038%	0.0041%	0.0050%	0.0047%	0.0049%	0.0047%	N/A	N/A	N/A
Bond's proportionate share of the net pension liability (asset)	\$ 1,271,507	\$ 1,121,179	\$ 1,103,054	\$ 1,198,884	\$ 927,127	\$ 723,958	\$ 531,976	N/A	N/A	N/A
Bond's covered-employee payroll	\$ 602,267	\$ 538,340	\$ 551,551	\$ 644,965	\$ 568,464	\$ 546,189	\$ 492,711	N/A	N/A	N/A
Bond's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	211.12%	208.27%	199.99%	185.88%	163.09%	132.55%	107.97%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%	83.38%	N/A	N/A	N/A

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

See accompanying notes to required supplementary information

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
PROPOSITION AA BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS**

Schedule of the Bond's Proportionate Share of the Net Pension Liability
California Public Employee Retirement System (CalPERS)
Last Ten Fiscal Years*

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District:										
Contractually required contribution	\$ 4,400,822	\$ 4,220,232	\$ 3,682,051	\$ 3,188,655	\$ 2,784,227	\$ 2,188,359	\$ 1,894,809	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(4,400,822)	(4,220,232)	(3,682,051)	(3,188,655)	(2,784,227)	(2,188,359)	(1,894,809)	N/A	N/A	N/A
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 21,260,010	\$ 21,399,686	\$ 20,385,622	\$ 20,530,906	\$ 20,047,717	\$ 18,471,841	\$ 16,097,264	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%	N/A	N/A	N/A
Bond Portion:										
Contractually required contribution	\$ 119,211	\$ 118,773	\$ 97,235	\$ 85,661	\$ 89,573	\$ 67,346	\$ 64,292	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	(119,211)	(118,773)	(97,235)	(85,661)	(89,573)	(67,346)	(64,292)	N/A	N/A	N/A
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Bond's covered-employee payroll	\$ 575,899	\$ 602,267	\$ 538,340	\$ 551,551	\$ 644,965	\$ 568,464	\$ 546,189	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%	N/A	N/A	N/A

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

See accompanying notes to required supplementary information

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
PROPOSITION AA BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS**

Schedule of Changes in the Bond's Proportionate Share of the Net OPEB Liability and Related Ratio-OPEB Plan
Last Ten Fiscal Years*

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

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

See accompanying notes to required supplementary information

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
PROPOSITION AA BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS**

Schedule of Changes in the Bond's Proportionate Share of the Net OPEB Liability and Related Ratio-OPEB Plan
Last Ten Fiscal Years*

	Fiscal Year									
Bond portion total OPEB liability:	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Service cost	\$ 20,806	\$ 20,800	\$ 17,654	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest	9,129	10,068	7,885	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	(29,809)	(4,564)	(1,811)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Differences between expected and actual	11,140	(5,900)	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(7,206)	(10,598)	(7,660)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	4,060	9,806	16,068	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	243,970	234,164	218,096	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	<u>\$ 248,030</u>	<u>\$ 243,970</u>	<u>\$ 234,164</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Bond portion plan fiduciary net position										
Contributions - employer	\$ 9,068	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions - employee	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net investment income	64	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(1)	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Benefit payments	(7,206)	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net change in plan fiduciary net position	\$ 1,925	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position - beginning	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position - ending	<u>\$ 1,925</u>	<u>\$ -</u>	<u>\$ -</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.78%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered-employee payroll	\$ 725,534	\$ 801,466	\$ 402,870	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB liability as a percentage of covered employee payroll	33.92%	30.44%	58.12%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

See accompanying notes to required supplementary information

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
PROPOSITION AA BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS**

Schedule of District's Contributions – OPEB Plan
Last Ten Fiscal Years*

	Fiscal Year									
District Contributions:	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarial determined contributions	\$ 3,469,802	\$ 3,288,568	\$ 3,272,604	\$ 3,388,112	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	1,217,231	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	<u>\$ 2,252,571</u>	<u>\$ 3,288,568</u>	<u>\$ 3,272,604</u>	<u>\$ 3,388,112</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
District's covered employee payroll	\$ 88,055,292	\$ 85,698,581	\$ 54,295,000	\$ 51,854,000	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	1.38%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
Bond Portion Contributions:										
Actuarial determined contributions	\$ 25,850	\$ 24,500	\$ 24,381	\$ 25,241	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	9,068	-	-	-	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	<u>\$ 16,782</u>	<u>\$ 24,500</u>	<u>\$ 24,381</u>	<u>\$ 25,241</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
District's covered employee payroll	\$ 725,534	\$ 801,466	\$ 402,870	\$ 398,526						
Contributions as a percentage of covered payroll	1.25%	0.00%	0.00%	0.00%						

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

See accompanying notes to required supplementary information

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
PROPOSITION AA BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS**

Notes to Required Supplementary Information
Year Ended June 30, 2021

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

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

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

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

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

Reporting Period	June 30, 2019	June 30, 2020	June 30, 2021
Measurement Date	06/30/18	06/30/19	06/30/20
Valuation date	06/30/17	06/30/18	06/30/19
Experience Study	07/01/10-06/30/15	07/01/10-06/30/15	07/01/10-06/30/18
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.10%	7.10%	7.10%
Consumer Price Inflation	2.75%	2.75%	2.75%
Wage Growth (Average)	3.50%	3.50%	3.50%
Post-Retirement Benefit Increase	2.00% Simple	2.00% Simple	2.00% Simple

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

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
PROPOSITION AA BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS**

Notes to Required Supplementary Information
Year Ended June 30, 2021

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

1) Benefit Changes: There were no changes to benefits during the period reported.

2) Changes in Assumptions: On December 21, 2016, the CalPERS board lowered the discount rate for funding purposes from 7.50% to 7.00 using a three year phase-in beginning with the June 30, 2016 actuarial valuations and the June 30, 2017 valuations for the School Pool. The final scheduled decrease from 7.25% to 7.00% for the school pool valuation occurred in the June 30, 2019 valuation. The CalPERS Board adopted new actuarial assumptions based on the recommendations in the December 2017 CalPERS Experience Study and Review of Actuarial Assumptions. The study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumption for the plan. These new assumptions are incorporated into the June 30, 2018 actuarial valuations.

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

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

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

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

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
PROPOSITION AA BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS**

Notes to Required Supplementary Information
Year Ended June 30, 2021

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

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

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

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

Schedule of District's Contributions to OPEB Plan

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

SUPPLEMENTARY INFORMATION

SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
PROPOSITION AA BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS
General Obligation Bonds Project List
Year Ended June 30, 2021

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	Carmel Valley Middle School
Diegueño Middle School	Earl Warren Middle School
La Costa Canyon High School	La Costa Valley Site
Pacific Trails Middle School	Oak Crest Middle School
San Dieguito Academy	Sunset High School
Torrey Pines High School	

Project Name	Location of Project	Status of Project
Audio/Visual Technology Improvements	Canyon Crest Academy	In Progress
New Building P, Phase 2 Modernization	Diegueno Middle School	Complete
Buildings C, D, F, K and Cougar Hall Modernization	Diegueno Middle School	Design Phase
Culinary Arts Improvements	La Costa Canyon High School	Complete
Technology Improvements (Exterior Wireless)	La Costa Canyon High School	In Progress
Crest Hall Improvements and Balance of Fire Road	Oake Crest Middle School	Planning Phase
Audio/Visual Technology Improvements	Oak Crest Middle School	In Progress
Arts and Humanities Building: New Shade Structure	San Dieguito Academy	In Progress
Parking Lot Restoration/Outdoor Play Court	San Dieguito Academy	Site Preparation Phase
Buildings A, B, and IV Building Improvements	San Dieguito Academy	Design Phase
Campus Reconstruction	Sunset High School	Complete
Multipurpose Room Technology Improvements	Sunset High School	Complete
Culinary Arts Technology Improvements	Torrey Pines High School	Complete
I Building, Food Service, Makerspace, CAD Lab, and Digital Arts Classroom	Torrey Pines High School	In Progress
New Arts Complex, Digital Arts Classroom, New Campus Green and Parking Lot	Torrey Pines High School	Pre-Construction Phase

OTHER INDEPENDENT AUDITOR’S REPORTS

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

**Governing Board Members and
Citizens' Oversight Committee
San Dieguito Union High School District
Encinitas, California**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Proposition AA Building Fund (21-39) of San Dieguito Union High School District, which comprise the balance sheet as of June 30, 2021, 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, and have issued our report thereon dated March 7, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether San Dieguito Union High School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilkinson Hadley King & Co., LLP

El Cajon, California

March 7, 2022



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

Independent Auditor's Report on Performance

Governing Board Members and Citizens' Oversight Committee San Dieguito Union High School District Encinitas, California

We were engaged to conduct a performance audit of the San Dieguito Union High School District Proposition AA Building Fund (21-39) for the year ended June 30, 2021.

Management's Responsibility for Performance Compliance

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. Management is responsible for the District's compliance with those requirements.

Auditor's Responsibility

We conducted this performance audit in accordance with the standards applicable to performance audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain 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 Fund's internal control in order to determine if the internal controls were adequate to help ensure the Fund's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution, but not for the purpose of expressing an opinion on the effectiveness of the Proposition AA Building Fund (21-39) San Dieguito Union High School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

In connection with our performance audit, we performed an audit for compliance as required in the performance requirements for the Proposition AA General Obligation Bond for the fiscal year ended June 30, 2021. The objective of the audit of compliance applicable to San Dieguito Union High School District is to determine with reasonable assurance that:

- The proceeds from the sale of the Proposition AA Bonds were only used for the purposes set forth in the ballot measure and not for any other purpose, such as teacher and administrative salaries.
- The Governing Board of the District, in establishing the 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.

In performing our audit of compliance, we performed procedures including but not limited to those listed as follows:

Internal Control Evaluation

Procedure Performed

Inquiries were made of management regarding internal controls to:

- Prevent fraud, waste, or abuse regarding Proposition AA resources
- Prevent material misstatement in the Proposition AA Building Fund (21-39) financial statements
- Ensure all expenditures are properly allocated
- Ensure adequate separation of duties exists in the accounting of Proposition AA funds. All purchase requisitions are reviewed for proper supporting documentation. The Project Manager or the Executive Director of Planning Services gives directions and submits documentation to the Construction and Facilities Coordinator to initiate a purchase requisition. The budget is verified by the Facilities Planning Analyst (Budget) and supporting documents are reviewed by a second Facilities Planning Analyst (Contracts). This requisition is first forwarded to the Executive Director of Planning Services for an initial review and then forwarded to the finance office where the Budget Analyst verifies the budget string and the requisition is subsequently reviewed and approved by the Chief Financial Officer, Chief Facilities Officer, and the Director of Purchasing to ensure the requested purchase is an allowable project cost in accordance with the Proposition AA ballot measure initiative approved by local voters as well as the board approved budget, and by the Accounting Specialist that all expenditures are properly recorded by the project and expense category. Once the purchase requisition has gone through the approval process, the Facilities Planning Analyst (Contracts) creates a purchase order, which is provided to the vendor, who proceeds to provide the requested services or goods. Other copies of the purchase order are also submitted to the finance office, purchasing office, and the Facilities Planning Analyst (Budget) for monitoring and review.

When the invoice is received the Executive Director of Planning Services and Facilities Planning Analyst (Budget) verify that the charges are consistent with the amounts on the approved contract/purchase order, then the invoice is subsequently signed and approved by the Project Manager and Chief Facilities Officer and either e-mailed or scanned to the finance office for subsequent approval. Invoices are approved by the Accounting Technician and monitored by the Chief Financial Officer in the finance office and subsequently processed through the accounts payable system of the District for payment. The invoices and support documents are submitted to the San Diego County Office of Education's Commercial Warrant Unit for audit to ensure compliance with procurement regulations and business practices before payment is released. The commercial warrants are routed back to the District finance office where they are signed by the Chief Financial Officer and then forwarded to the Facilities Planning and Construction Office for appropriate distribution.

Results of Procedures Performed

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

Tests of Expenditures

Procedures Performed

We tested expenditures to determine whether Proposition AA proceeds were spent solely on voter and Board approved school facilities projects as set forth in the Bond Project Lists and language of the Proposition 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 Proposition AA ballot measure and applicable state laws and regulations.

Tests of Contracts and Bid Procedures

Procedures Performed

We tested expenditures under Measure AA to determine if an expenditure was 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.

Facilities Site Review

Procedures Performed

We reviewed the 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, 2021 were for valid facilities acquisition and construction purposes as stated in the Bond Projects List. Additionally, we reviewed photographs of significant bond projects to determine projects were being completed as identified in the Bond Projects List.

Results of Procedures Performed

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

Citizens' Oversight Committee

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

In our review of the minutes of the Citizens' Oversight Committee we determined that, during the fiscal year ended June 30, 2021 the Committee fulfilled all required responsibilities identified in Education Code Section 15278 and additionally performed other authorized activities as identified in 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 Citizen's 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

We have determined, the San Dieguito Union High School District Citizens' Bond Oversight Committee and its involvement is in compliance with Education Code Sections 15278 through 15282.

Opinion on Performance

The results of our tests indicated that the District has complied with the requirements set forth in Measure AA, approved by voters on November 6, 2012, in accordance with Proposition 39 as outlined in Article XIII A, Section 1(b)(3)(c) of the California Constitution.

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.

Wilkinson Halley King & Co., LLP

El Cajon, California

March 7, 2022

AUDITOR’S RESULTS, FINDINGS AND RECOMMENDATIONS

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
PROPOSITION AA BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS**

Schedule of Auditor's Results
Year Ended June 30, 2021

FINANCIAL STATEMENTS

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

PERFORMANCE AUDIT

Any audit findings disclosed that are required to be reported in accordance with <i>2020-21 Guide for Annual Audits of California K-12 Local Education Agencies</i> or Proposition 39?	<u> </u> Yes <u> X </u> No
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**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
PROPOSITION AA BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS**

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements or performance audit that are required to be reported in accordance with *Government Auditing Standards*, or *Appendix A of the 2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

A. Financial Statement Findings

None

B. Performance Audit Findings

None

SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
PROPOSITION AA BUILDING FUND (21-39)
GENERAL OBLIGATION BONDS
Schedule of Prior Year Findings
Year Ended June 30, 2021

There were no findings in the prior year audit.



Prop AA
Independent Citizens Oversight Committee

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

Superintendent
Dr. Cheryl James-Ward

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

Business Services Division
Fax (760) 943-3508

INFORMATION REGARDING ICOC AGENDA ITEM

TO: Independent Citizens Oversight Committee

DATE OF REPORT: March 11, 2022

ICOC MEETING DATE: March 15, 2022

PREPARED & SUBMITTED BY: Limited Term Ad Hoc Committee: Robin Duveen, Amy Flicker, Lane Macy-Kiefaber, and Lucienne McCauley

SUBJECT: **INDEPENDENT CITIZENS OVERSIGHT COMMITTEE
2021 ANNUAL REPORT**

EXECUTIVE SUMMARY

The Limited Term Ad Hoc Committee will present a working draft of the 2021 Independent Citizens Oversight Committee annual report at the March 15, 2022 Special meeting, as shown in the attached supplement.

RECOMMENDATION:

It is recommended that the Independent Citizens Oversight Committee review and approve the 2021 Annual Report, in substantially the form being presented, subject to any corrections, as needed.



**Proposition AA Independent Citizens Oversight
Committee 2021 Annual Report**

March 15, 2022

San Dieguito Union High School

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

(760) 753-6491

<http://www.sduhsd.net>



La Costa Canyon H.S. / Culinary Arts



Oak Crest M.S. / Buildings C&I Modernization

Dear Community Members,

The Independent Citizens Oversight Committee (ICOC) of the San Dieguito Union High School District (District) is pleased to present our eighth annual report. The 2021 Annual report covers activity for the period ending December 31, 2021.

Building on the commitment from the voters in 2012, the District has issued \$449,000,000¹ in general obligation bonds and has expended or contracted \$366,769,218² on projects through December 31, 2021.

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

www.sduhsd.net/ICOC

Sincerely,

Robin Duveen

President,

San Dieguito Union High School District Independent Citizens Oversight Committee



Sunset H.S. Campus

¹ 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.

² 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 and the Proposition AA page at 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 H.S. / Building I



Sunset H.S. / Culinary Arts

INDEPENDENT CITIZENS OVERSIGHT COMMITTEE (ICOC)

Members of the ICOC are listed below:

Name	Affiliation	Email Address
Gary Aguirre	Parent of Enrolled Student	gary.aguirre@sduhsd.net
Diane Chau	At-Large Member	diane.chau@sduhsd.net
Kevin DeHaan	At-Large Member	kevin.dehaan@sduhsd.net
Robin Duveen, President	Taxpayer Association Member	robin.duveen@sduhsd.net
Amy Flicker	Parent Active in Teacher-Parent Organization	amy.flicker@sduhsd.net
Lakshmi Kommi, Representative	At-Large Member	lakshmi.kommi@sduhsd.net
Lane Macy-Kiefaber, Secretary	Business Organization Member	lane.kiefaber@sduhsd.net
Lucienne McCauley	Senior Organization Member	Lucienne.c.mccauley@sduhsd.net

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.



Oak Crest M.S. / Buildings C&I Modernization



Sunset H.S. / Classroom



La Costa Canyon H.S. / Culinary Arts

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, 2019 - June 30, 2020 was prepared by Wilkinson Hadley King & Co. LLP (Independent Auditor) and reviewed by the ICOC Committee during the April 20, 2021 ICOC virtual meeting. The committee was able to review the audited financial statements beyond the March 31st deadline due to the SB 98 urgency bill enacted as a response to challenges presented by the Coronavirus 2019 (“Covid-19”) pandemic. In addition, the independent performance audit and financial audit for Proposition AA for the period July 1, 2020 – June 30, 2021 was prepared by Wilkinson Hadley King & Co. LLP (Independent Auditor) and reviewed on March 15, 2022 by the ICOC Committee.

It should also be noted that the District received an excellent score in the San Diego Taxpayers Association’s 2021 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.



Sunset H.S. Campus

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:	<u>\$449,000,000</u>

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 2021 will be \$540,686,578.00. The estimated program completion costs are represented below:

• Proposition AA 2012 Baseline Budget	\$449,000,000.00
• Additional Project Funding (Non-Bond Funding)	\$ 36,924,280.00
• Estimated Interest Earned	\$ 6,249,153.00
• Additional Escalation	\$ 40,082,189.00
• Project Administration Costs	\$ 4,603,016.00
• Qualified School Construction Bond (QSCB)	<u>\$ 3,827,940.00</u>
TOTAL:	<u>\$540,686,578.00</u>

This results in an estimated total program shortfall of \$91,686,578.00.

The chart below demonstrates the forecasted added escalation, administration and QSCB costs for projects that have yet to be commenced. It is estimated by the District that the remaining projects to complete would cost \$85,231,406.00. However, with the estimated escalation (\$40,082,189.00), administration costs (\$4,603,016.00), and QSCB costs (\$3,827,940.00), an additional \$48,513,145.00 has been added to the 2011-2012 initial baseline year estimate, resulting in a revised projected cost to complete in the amount of \$133,744,551.00.

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
Canyon Crest Academy					
New Black Box Theater, Convert Existing Black Box Theater to Engineering/Robotics, and Modernization of Media Center (Balance of)	2011/2012	\$ 3,263,674.00	2025/2026	\$ 1,808,831.58	\$ 5,072,505.58
Carmel Valley MS					
New Student Entry at Gym/Food Service Area	2011/2012	\$ 200,846.00	2022/2023	\$ 83,168.07	\$ 284,014.07
Student Quad Reconfiguration	2011/2012	\$ 1,117,428.00	2023/2024	\$ 513,278.93	\$ 1,630,706.93
Diegueno MS					
Modernization of History (D) Building, Math (C), and English (K)	2011/2012	\$ 5,658,768.00	2022/2023	\$ 2,343,232.22	\$ 8,002,000.22
Modernization of Science (F) Buildings, Cougar Hall, and Modernization of Music Classroom	2011/2012	\$ 1,973,413.00	2023/2024	\$ 906,466.74	\$ 2,879,879.74
Modernization of Administration Building, Parking Lot, Locker Room Building and Lunch Shelter	2011/2012	\$ 3,721,305.00	2024/2025	\$ 1,883,123.48	\$ 5,604,428.48
La Costa Canyon HS					
New Weight Room Building, Athletic Improvements (Field House)	2011/2012	\$ 6,619,319.00	2023/2024	\$ 3,040,515.34	\$ 9,659,834.34
New 2 Story Classroom Building, and Science Building (700's)	2011/2012	\$ 9,230,625.00	2024/2025	\$ 4,671,051.33	\$ 13,901,676.33
Modernization of Administration Building, New M&O Building	2011/2012	\$ 877,500.00	2025/2026	\$ 486,338.32	\$ 1,363,838.32
La Costa Valley-San Dieguito Sports Complex					
New Hardcourts, including electrical and communication improvements	2011/2012	\$ 3,059,750.00	2024/2025	\$ 1,548,351.20	\$ 4,608,101.20
New Multi-Purpose Building (Balance of)	2011/2012	\$ 3,150,981.65	2025/2026	\$ 1,746,373.91	\$ 4,897,355.56
Oak Crest MS					
New Multi-Purpose Building - Athletics	2011/2012	\$ 3,654,880.00	2025/2026	\$ 2,025,650.35	\$ 5,680,530.35
San Dieguito HS Academy					
Parking Lot Restoration, and Multi-Purpose Hardcourt	2011/2012	\$ 1,173,907.00	2022/2023	\$ 486,101.69	\$ 1,660,008.69
Modernization A&B Buildings	2011/2012	\$ 1,165,117.00	2023/2024	\$ 535,184.38	\$ 1,700,301.38
Modernization of Industrial Arts Building	2011/2012	\$ 1,502,145.00	2024/2025	\$ 689,994.68	\$ 2,192,139.68
Modernization of Mosaic Café	2011/2012	\$ 1,675,980.00	2024/2025	\$ 769,843.98	\$ 2,445,823.98
Baseball Fields (New Bullpen, Batting Cages & Concessions)	2011/2012	\$ 1,986,309.00	2024/2025	\$ 912,390.38	\$ 2,898,699.38
Gym Renovation, Locker & Team Rooms, Dance, Wrestling, Weight Room & Outdoor Basketball Courts	2011/2012	\$ 8,776,688.00	2024/2025	\$ 4,031,480.36	\$ 12,808,168.36
Torrey Pines HS					
New Art Classroom Building, New Campus Green and Parking Lot	2011/2012	\$ 11,513,346.00	2022/2023	\$ 4,767,547.17	\$ 16,280,893.17
Modernization of Gym	2011/2012	\$ 7,897,500.00	2023/2024	\$ 3,627,634.49	\$ 11,525,134.49
New Field House (Balance of)	2011/2012	\$ 5,312,429.00	2023/2024	\$ 2,440,209.01	\$ 7,752,638.01
Modernization of Administration Building	2011/2012	\$ 1,381,050.00	2025/2026	\$ 765,421.69	\$ 2,146,471.69
Administration	2020/2021	\$ 318,446.16	2025/2026	\$ 4,603,016.00	\$ 4,921,462.16
QSCB	2020/2021	\$ -	2025/2026	\$ 3,827,940.40	\$ 3,827,940.40
Totals		\$ 85,231,406.81		\$ 48,513,145.71	\$ 133,744,552.52

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. However, since 2013, the District continued to seek additional funding sources and partnerships to offset future escalation in the amount of \$36,924,280 as of December 13, 2021. It is the ICOC's understanding that as of August 19, 2021, the District's Board of Trustees agreed to no longer add any future funds toward the bond program, even those made possible by Prop AA.



Oak Crest M.S. / Buildings. C & I Modernization



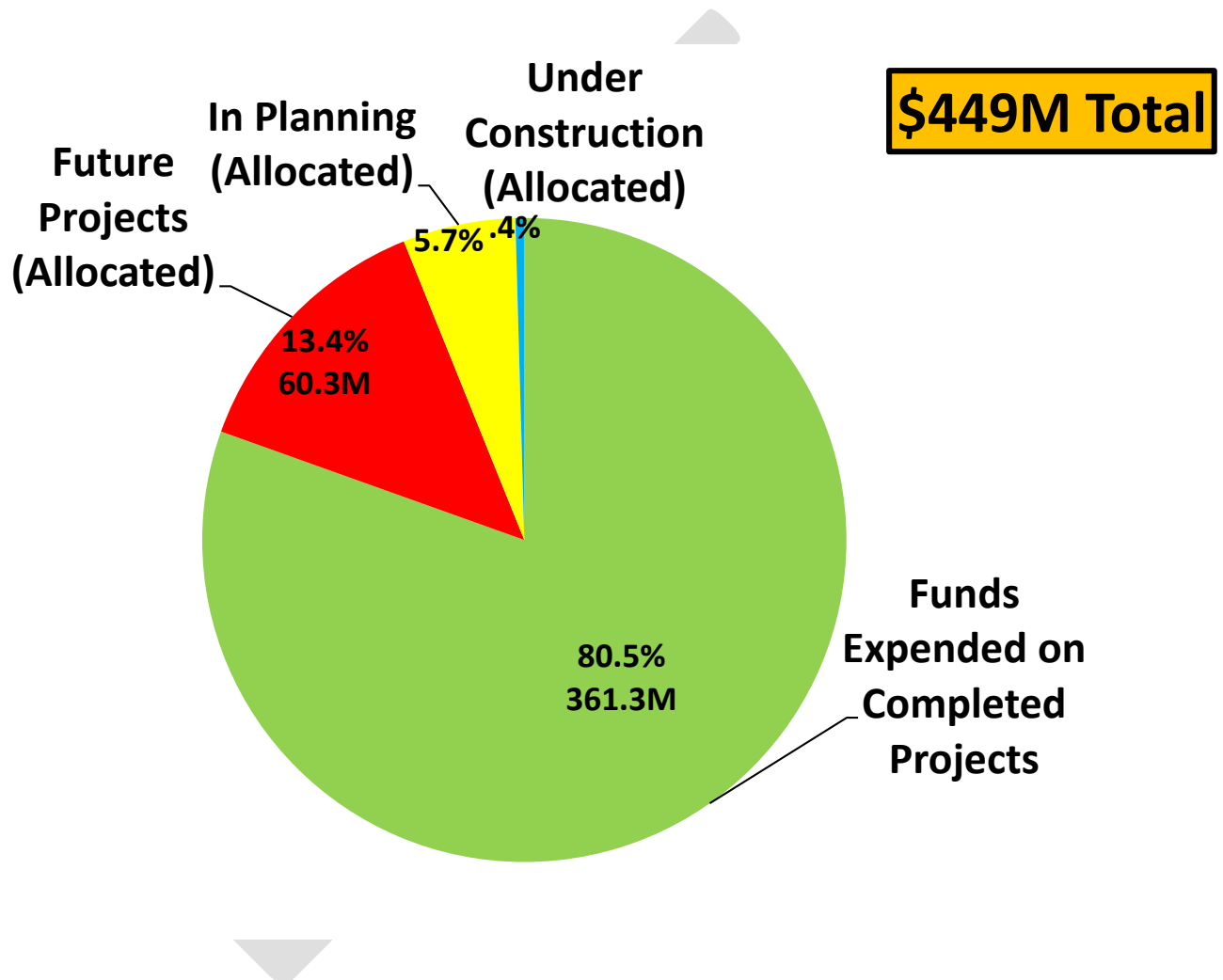
La Costa Canyon H.S. / Culinary Arts



Oak Crest M.S. / Classroom Modernization




PROJECT FUNDING STATUS




Prop AA planned for \$449 million of capital improvements within the District. Of those funds, the District has completed 51 of 74 projects and spent \$361.3 million through 2021 to complete highest priority projects. In addition, \$2.0 million is committed to projects currently under construction with \$25.4 million being committed to projects in the design and planning phases. There remains \$60.3 million of the original funds to be allocated. The chart below demonstrates the current overall project status³.








³ 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.

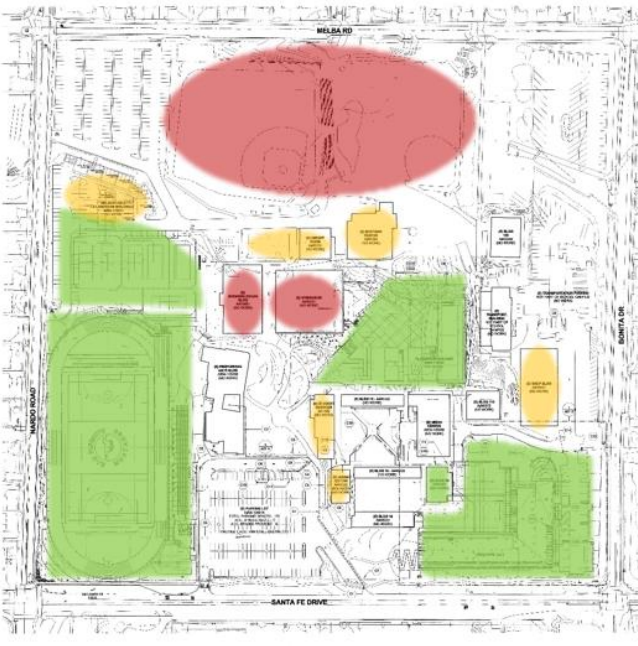


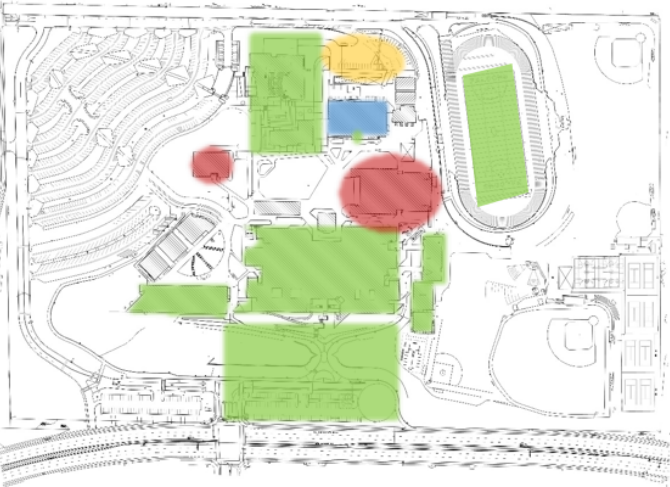


	<p>Completed - \$30M</p> <ul style="list-style-type: none"> • Building B Landscape & Pathway Enhancements • New Building B Classrooms • Stadium Improvements • Track and Field Improvements, and Rough Grade • Technology Infrastructure • Media Center Upgrades – Phase 1 <p>Under Construction - \$0.5M</p> <ul style="list-style-type: none"> • AV Technology Improvements <p>To Do - \$3.3M</p> <ul style="list-style-type: none"> • 2025 • New Black Box Theater, Convert Existing Black Box Theater to Engineering/Robotics, and Modernization of Media Center (Balance of) 	<p>Canyon Crest Academy</p>
	<p>Completed - \$2.6M</p> <ul style="list-style-type: none"> • Drama & Music Classrooms • Technology Upgrade • Media Center Upgrade <p>In Planning - \$0.4M</p> <ul style="list-style-type: none"> • AV Technology Improvements <p>To Do - \$1.3M</p> <ul style="list-style-type: none"> • 2023 • New Student Entry at Gym/Food Service Area • 2024 • Student Quad Reconfiguration 	<p>Carmel Valley Middle School</p>







	<p>Completed - \$14.7M</p> <ul style="list-style-type: none"> Buildings B & G Modernization – Phase 1 Admin and Building B Front Entry Improvements Media Center Modernization Technology Infrastructure New Building P – Phase 2 <p>In Planning - \$7.9M</p> <ul style="list-style-type: none"> 2022 Modernization of History (D), Math (C), and English (K) Buildings 2023 Modernization of Science (F) Buildings, Cougar Hall, and Modernization of Music Classroom <p>To Do - \$3.7M</p> <ul style="list-style-type: none"> 2024 Modernization of Administration Building, Parking Lot, Locker Room Building and Lunch Shelter 	<p>Diegueno Middle School</p>  
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	<p>Completed - \$11.8M</p> <ul style="list-style-type: none"> Modernization of Culinary Arts Classroom (Building 200) 200 Building Courtyard Renovation Media Center Landscaping Gym, Performing Arts Center, 200 Building HVAC Improvements – Phase 2 Media Center and Building 800 Modernization Technology Upgrades Classroom HVAC Improvements – Phase 1 <p>To Do - \$16.7M</p> <ul style="list-style-type: none"> 2023 New Weight Room Building and Athletic Improvements (Field House) 2024 New 2 Story Classroom and Science Buildings (700's) 2025 Modernization of Administration Building, New Maintenance & Operations (M&O) Building 	<p>La Costa Canyon High School</p>  
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	<p>Completed - \$10.7M</p> <ul style="list-style-type: none"> • Fields and Parking Lot Replacement <p>Under Construction - \$55K</p> <ul style="list-style-type: none"> • Driveway Gate Automation <p>To Do - \$6.2M</p> <ul style="list-style-type: none"> • 2025 • New Hardcourts, including Electrical and Communication Improvements • 2025 • New Multi-Purpose Building (Balance of) 	<p>San Diegoito Sports Complex</p>  <p>San Diegoito Sports Complex</p>
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	<p>Completed - \$22.7M</p> <ul style="list-style-type: none"> • Interim Housing • Technology 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 <p>In Planning - \$32K</p> <ul style="list-style-type: none"> • Modernization of Crest Hall, and Balance of Fire Road <p>Under Construction - \$0.6M</p> <ul style="list-style-type: none"> • Modernization of C (Balance of) and I Buildings • AV Technology Improvements <p>To Do - \$3.7M</p> <ul style="list-style-type: none"> • 2025 • Multipurpose Building - Athletics 	<p>Oak Crest Middle School</p>  
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	<p>Completed - \$58.5M</p> <ul style="list-style-type: none"> • Building 40 East Modernization - Culinary Arts Classroom • New Math & Science Building • Technology Infrastructure • Tennis Courts & Interim Housing • Stadium Press Box, Bleachers and Restroom Building • Track and Field Improvements • Arts and Humanities Building, and shade structure <p>In Planning - \$5.5M</p> <ul style="list-style-type: none"> • Parking Lot Restoration, and Multi-Purpose Hardcourt • Modernization of A&B Buildings • Modernization of Industrial Arts Building • Modernization of Mosaic Café <p>To Do - \$10.8M</p> <ul style="list-style-type: none"> • 2024 • Baseball Fields (New Bullpen, Batting Cages & Concessions) • Gym Renovation, Locker & Team Rooms, Dance, Wrestling, Weight Room & Outdoor Basketball Courts 	<p>San Diegoito High School Academy</p>  
	<p>Completed - \$52.7M</p> <ul style="list-style-type: none"> • New Performing Arts Center • Innovation Building Modernization - Culinary Arts • Building B Modernization, Student Center Modernization and Front Entry • Technology Infrastructure • New Building J Chemistry Classrooms • Stadium Lighting Improvements • New Weight Room Building • Building E HVAC Improvements • Stadium Field Replacement <p>In Planning - \$11.5M</p> <ul style="list-style-type: none"> • New Art Classroom Building, New Campus Green and Parking Lot (Planning) <p>Under Construction - \$0.9M</p> <ul style="list-style-type: none"> • Modernization of Innovation Building, Food Service, Makerspace, CAD Lab & 1 Digital Arts Classroom <p>To Do - \$14.6M</p> <ul style="list-style-type: none"> • 2023 • Modernization of Gym • 2025 • Modernization of Administration Building 	<p>Torrey Pines High School</p>  

	<p>Completed - \$52.8M</p> <ul style="list-style-type: none"> • Campus Re-Construction Phase 1 • Interim Housing • Data Center Upgrades • Campus Re-Construction Upgrades - Phase 2 	<p>Earl Warren Middle School</p>  
	<p>Completed - \$64.4M</p> <ul style="list-style-type: none"> • Main Campus Phase 1 and 2 • 2nd Classroom Building (including Marquee and Stage Lighting at Gym Building) 	<p>Pacific Trails Middle School</p>  

	<div>Completed - \$22.6M</div> <ul style="list-style-type: none">• Multimedia Upgrades• Campus Re-Construction	<div>Sunset High School Adult Transition Program</div>		
				

BOND SERIES A – E DRAW BUDGET AND COMMITMENTS SUMMARY

Project Sites	Budget 12/29/20	Budget 12/31/21	Commitments 12/31/21	Delta 9/30/21
Pacific Trails Middle School	\$ 64,494,338.64	\$ 64,494,338.64	\$ 64,494,338.64	\$ -
Carmel Valley Middle School	\$ 7,271,282.21	\$ 7,271,282.21	\$ 7,271,282.21	\$ -
Earl Warren Middle School	\$ 55,253,199.42	\$ 55,253,199.42	\$ 55,253,199.42	\$ -
La Costa Valley Site	\$ 10,675,747.04	\$ 13,735,497.04	\$ 10,730,697.04	\$ 3,004,800.00
Diegueno Middle School	\$ 14,552,921.75	\$ 23,264,807.13	\$ 14,765,723.79	\$ 8,499,083.34
Oak Crest Middle School	\$ 28,307,229.04	\$ 27,985,638.34	\$ 26,429,388.56	\$ 1,556,249.78
Canyon Crest Academy	\$ 31,434,157.87	\$ 31,434,157.87	\$ 31,075,614.59	\$ 358,543.28
Torrey Pines High School	\$ 67,342,994.88	\$ 82,503,931.40	\$ 70,443,955.13	\$ 12,059,976.27
San Dieguito High School Academy	\$ 58,528,048.16	\$ 62,433,497.63	\$ 57,967,971.17	\$ 4,465,526.46
La Costa Canyon High School	\$ 11,268,212.53	\$ 11,017,443.29	\$ 11,017,443.29	\$ -
Sunset High School	\$ 22,364,834.50	\$ 22,447,106.11	\$ 22,447,106.11	\$ -
District Wide Tech Infrastructure	\$ 11,511,231.88	\$ 11,511,231.88	\$ 10,734,272.79	\$ 776,959.09
QSCB - 14 yr. option	\$ 6,124,712.00	\$ 10,718,235.36	\$ 6,890,294.96	\$ 3,827,940.40
Administration	\$ 9,769,079.02	\$ 14,097,036.41	\$ 10,437,561.86	\$ 3,659,474.55
Total Expense Budget	\$ 398,897,988.94	\$ 438,167,402.73	\$ 399,958,849.56	\$ 38,208,553.17
Project Funding				
Prop AA Project Fund	\$ 361,437,755.50	\$ 446,369,040.28		
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	\$ 12,386,129.57	\$ 12,226,950.72		
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	\$ 761,218.52	\$ 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		
Community Facilities District	\$ -	\$ 79,150.00		
Estimated Interest Earnings	\$ 6,214,513.13	\$ 6,249,153.00		
Total Funding Budget	\$ 399,788,564.56	\$ 489,542,473.17		
Excess/(Shortage of) Funding	\$ 890,575.62	\$ 51,375,070.44		
Updated December 31, 2021				

COMPLETED PROJECTS 2021

Project	Delivery Method	Budget	Actual Expended	Estimated Savings*
La Costa Canyon High School Culinary Arts Modernization	CM-MP	\$ 2,574,022.39	\$ 1,397,253.15	\$ 1,176,769.24
La Costa Canyon High School Audio Visual Technology Improvements (WAP)	PWC	\$ 69,310.00	\$ 69,309.91	\$ 0.09
San Dieguito Academy Arts/Humanities Shade Structure Installation	Fullerton Piggyback Bid	\$ 97,501.00	\$ 82,090.57	\$ 15,410.43
Sunset High School Reconstruction	L/LB	\$ 22,447,106.11	\$ 22,447,106.11	\$ -
Sunset High School Technology Improvements (MultiPurpose Room)	PWC	\$ 2,043.00	\$ 2,042.85	\$ 0.15
Torrey Pines High School Technology Improvements (Culinary Arts)	CMAS	\$ 4,666.11	\$ 4,666.11	\$ -
Total:		\$ 25,194,648.61	\$ 24,002,468.70	\$ 1,192,179.91

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

LEGEND:**DELIVERY METHOD:**

CM-MP - Construction Manager - Multi Prime

PWC - Public Works Contract filed with DIR for smaller projects not exceeding \$60,000

Fullerton Piggyback Bid - Use of an existing contract to acquire the same commodities or services at the same or lower price from another public entity contract

L/LB - Lease/Leaseback

CMAS/PEPPM - California Multiple Award Schedules/Pennsylvania Education Purchasing Program for Microcomputers

2021 AMENDMENTS AND CHANGE ORDERS TO CONSTRUCTION CONTRACTS

Below are the 2021 amendments and change orders to construction contracts approved by the SDUHSD Board and included in the Board minutes.

Board Meeting	Site & Project	Contractor	Original Contract Amount	Current Amendments (Unforeseen Conditions) *	Current Change Order (Owner Directed) **	Revised Contract Amount
1/14/2021	La Costa Canyon High School Culinary Arts Modernization	Conan Construction, Inc.	\$1,092,000.00	\$ -	(\$47,715.89)	\$1,044,284.11
Total				\$ -	(\$47,715.89)	

*Current Amendments (Unforeseen Conditions) Example: repairs to dry-rot at roof not discovered prior to bidding project.

**Current Change Orders (Owner Directed) Example: More conduit required than in original plans at time of bid (Additive). Return project savings/unused allowances (Deductive).

ONGOING PROJECTS AS OF DECEMBER 31, 2021

Project	Delivery Method	Bond Series	Start Date	Current Project Status	Budget
Canyon Crest Academy AV Technology Improvements	CMAS/PEPPM	A	4/1/2020	Under Construction	\$ 470,132.06
Carmel Valley Middle School AV Technology Improvements	CMAS/PEPPM	A	4/1/2020	Planning	\$ 435,000.00
Diegueno Middle School AV Technology Improvements	CMAS/PEPPM	A	4/1/2020	Planning	\$ 281,000.00
Diegueno Middle School Bldgs. C, D & K Modernization - Phase 1	L/LB	D/E	7/1/2022	In Design	\$ 7,632,181.00
Diegueno Middle School Bldgs. F, G & Cougar Hall Modernization Part 2	TBD	D/E	7/1/2023	In Design	
Oak Crest Middle School C & I Building Improvements (Design)	CM-MP	C/D/Mello Roos	5/1/2021	Under Construction	\$ 243,476.00
Oak Crest Middle School Crest Hall Improvements & Balance of Fire Rd.	TBD	C/D	TBD	Planning	\$ 31,524.00
Oak Crest Middle School A/V Technology Improvements	CMAS/PEPPM	A	4/1/2020	Under Construction	\$ 383,213.40
San Dieguito High School Academy - Parking Lot Restoration and Multi-Purpose Hardcourt	TBD	D/E	6/1/2022	City of Encinitas Plan Review	\$ 1,173,907.00
San Dieguito Academy Bldgs. A, B, & IV Modernization	TBD	D/E	TBD	In Design	\$ 2,667,262.00
San Dieguito Academy Mosaic Café/Kitchen Modernization	TBD	D/E	TBD	In Design	\$ 1,675,980.00
San Dieguito Sports Complex Gate Automation - Phase 1	PWC	D/E	12/1/2021	Under Construction	\$ 54,950.00
Torrey Pines High School - I Building, Food Service, Makerspace, CAD Lab & 1 Digital Arts Classroom (Design)	L/LB	C/D/Mello Roos	4/1/2021	Under Construction	\$ 283,963.00
Torrey Pines High School - New Arts Complex, One (1) Digital Arts Classroom, New Campus Green & Parking Lot	L/LB	D/E/Mello Roos	4/1/2022	DSA Plan Review	\$ 12,104,383.00

LEGEND:

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

OVERVIEW OF 2021 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 2021, visit [here](#).

CANYON CREST ACADEMY

- AV Technology Improvements – **Underway**

CARMEL VALLEY MIDDLE SCHOOL

- AV Technology Improvements – **Planning**

DIEGUENO MIDDLE SCHOOL

- AV Technology Improvements – **Planning**
- Buildings C, D & K Modernization (Part 1) – **In Design, Projected Start July 2022**
- Buildings F, G & Cougar Hall Modernization (Part 2) – **In Design**

LA COSTA CANYON HIGH SCHOOL

- Culinary Arts Modernization – **Complete**
- A/V Technology Improvements – **Complete**

OAK CREST MIDDLE SCHOOL

- Balance of C & I Building Modernization (Design) – **Punch List**
- Crest Hall Improvements & Balance of Fire Road – **Planning**
- A/V Technology Improvements – **Underway**

SAN DIEGUITO HIGH SCHOOL ACADEMY

- Arts/Humanities Shade Structure Installation – **Complete**
- A, B, & IV Building Improvements – **In Design**
- Parking Lot Restoration and Outdoor Sports Courts – **City of Encinitas Plan Review**
- Mosaic Café/Kitchen Building Improvements – **In Design**

SUNSET HIGH SCHOOL

- Campus Reconstruction – **Complete**
- Technology Improvements (Multipurpose Room) – **Complete**

TORREY PINES HIGH SCHOOL

- Technology Improvements (Culinary Arts) – **Complete**
- I Building, Food Service, Makerspace, CAD Lab & One (1) Digital Arts Classroom Improvements – **Underway**
- New Arts Complex, One (1) Digital Arts Classroom, New Campus Green & Parking Lot – **DSA Plan Review**

ICOC ACTIVITIES IN 2021

The ICOC reviews the progress of the Prop AA Bond Program in the planning and construction of projects in 2021, 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 12, 2021**, virtually. Tina Douglas, Associate Superintendent, updated the committee on the current situation surrounding the postponement and rescheduling of Project Tours. John Addleman, Executive Director, Planning Services, reviewed current projects and discussed change orders. Mike Coy, Chief Facilities Officer, reviewed projects in planning for Audio/Visual Technology Improvements at Canyon Crest Academy, Carmel Valley and Diegueno Middle schools. Dan Young, Director of Planning, and Mr. Addleman discussed planned projects for 2021 and beyond that will be occurring at several school sites. Mr. Addleman discussed hopes to issue bond Series E in 2021, the allocation of dollars, and other funding sources that are being applied to the overall program.

On **March 16, 2021**, the ICOC met virtually for a special meeting. Tina Douglas updated committee members of the status of the annual audit report and progress of interviews for new ICOC members. The committee reviewed and approved the draft of the Prop AA Independent Citizens Oversight Committee's 2020 Annual Report.

The ICOC met virtually on **April 20, 2021**. Mr. Mike Myers, Senior Audit Manager with Wilkinson Hadley King & Co. LLP, reviewed the 2019/20 Prop AA Bond audit report pointing out that the District/ICOC received an unmodified opinion, which is the best opinion an auditor could provide. John Addleman and Mike Coy presented and discussed current projects. Mr. Addleman discussed change orders and savings of approximately \$48K on the La Costa Canyon Culinary Arts Modernization project. Savings on projects advance funds for upcoming bond projects or expedite other bond projects. Projects in planning for 2021 were discussed, and Mr. Addleman also provided a Project/Budget update and discussed the Series E Bond Draw. Committee members nominated and elected the following positions to serve April 2021 through April 2022. Mr. Robin Duveen was elected to serve as President of the Committee. Mr. Peter Chu was elected Representative, and Ms. Lane Kiefaber was elected Secretary of the Committee.

On **July 13, 2021**, the ICOC met at the Requeza Educational Center, Sunset High School/Coast Academy patio for a regular meeting. Ms. Tina Douglas shared updates regarding the search for a new superintendent and California Department of Public Health (CDPH) updates regarding school reopening and mask requirements in classrooms. John Addleman and Dan Young provided an overview of completed projects, projects on budget and projects in construction.

On **October 12, 2021**, the ICOC met virtually for a special meeting to approve the Resolution Authorizing Teleconference Meetings of the SDUHSD ICOC Committee pursuant to Assembly Bill 361. Future Special meetings are required to be held every thirty (30) days to approve this resolution. The committee then met for a regular meeting following adoption of the resolution. Tina Douglas reiterated the policy for AB 361 regarding teleconference meetings. The ICOC committee is required to re-adopt the policy every thirty (30) days in a special

meeting. The Prop AA tour was postponed until Spring 2022, once the selection of the new Superintendent has been approved by the SDUHSD Board. Mr. Coy presented completed projects and current projects. Mr. Young shared updated projects in planning at two (2) middle schools that both focused on technology improvements, modernization of buildings, and other upcoming projects. Mr. Addleman shared budget updates and nineteen (19) additional projects that are being consolidated for planning in Summer, 2023. Committee members nominated and elected Ms. Lakshmi Kommi as Representative of the Committee for the remaining term of six (6) months, due to the resignation of Mr. Peter Chu, who will be relocating to San Francisco.

On **November 9, 2021**, the ICOC met for a special meeting to approve the Resolution Authorizing Teleconference Meetings of the SDUHSD ICOC Committee pursuant to Assembly Bill 361.

On **December 7, 2021**, the ICOC met for a special meeting to approve the Resolution Authorizing Teleconference Meetings of the SDUHSD ICOC Committee pursuant to Assembly Bill 361.

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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.

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EXHIBIT B

2021 AUDIT REPORT

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.

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