Del Mar Union School District

County of San Diego
San Diego, California

Audit Report

June 30, 2022

Wilkinson Hadley King & Co. LLP
CPAs and Advisors

Del Mar Union School District
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June 30, 2022

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Independent Auditor's Report

To the Board of Education
Del Mar Union School District

Opinions

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

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

Basis for Opinions

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

Change in Accounting Principle

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Wilkinson Hadley King + Co LLP

El Cajon, California
December 14, 2022

DEL MAR UNION SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2022
(Unaudited)

The discussion and analysis of Del Mar Union School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole. To provide a complete understanding of the District's financial performance, please read it in conjunction with the Independent Auditor's Report, the District's financial statements and notes to the basic financial statements.

The Management's Discussion and Analysis (MD & A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information is required to be presented in the MD & A.

FINANCIAL HIGHLIGHTS

- The increase in Local Control Funding Formula (LCFF) sources from 2020-21 to 2021-22 was $1,416,403 (2.57%) which consisted mostly of increases to property taxes received.

- The general fund expenditures increased by $566,764 (0.82%) over the previous year amount.

- General Fund revenues and other sources exceeded expenses and other uses by $3,146,397.

- The General Fund ended the fiscal year with 23.90% reserves in unrestricted and assigned fund balances.

- The District implemented GASB 87 during the 2021-22 fiscal year establishing leases receivable, deferred inflows of resources for deferred lease revenue, and in addition included all leases payable with their corresponding lease assets on the statement of net position.

Overview of the Financial Statements

This annual report consists of the following parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, other supplementary information, and findings and recommendations. These statements are organized so the reader can understand the Del Mar Union School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Basic Financial Statements

The first two statements are district-wide financial statements, the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the whole School District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's more significant funds with all other non-major funds presented in total in one column.

The financial statements also include notes that explain some of the supplementary information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements. A comparison of the District's general fund budget is included.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

These two statements provide information about the District as a whole using methods similar to those used by private-sector companies. The Statement of Net Position includes all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting. This basis of accounting takes in account all the current year's revenues and expenses regardless of when cash is received or paid. These statements report information on the district as a whole and its activities in a way that helps answer the question, "How did we do financially during 2021-20212"

The change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Increases or decreases in the net position of the District over time are indications of whether its financial position is improving or deteriorating, respectively. The relationship between revenues and expenses indicates the District's operating results. However, the District's goal is to provide services to our students, not to generate profits as commercial entities. One must consider many non-financial factors, such as the quality of education provided, condition of school buildings and other facilities, and changes to the property tax base of the District, to assess the overall health of the District.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by State law. However, the District establishes other funds to control and manage money for specific purposes.

Governmental Funds

Most of the School District's activities are reported in governmental funds. The major governmental funds of the District are the General Fund, the Building Fund, and the Capital Projects Fund for Blended Component Units. Governmental funds focus on how money flows into and out of the funds and the balances that remain at the end of the year. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and services that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Enterprise Funds

The District also operates one Enterprise Fund, the Childcare Services Fund. This fund reflects the activity of the childcare program for which the District charges fees for services provided. The fund is reported using full accrual accounting which includes all assets and liabilities, including those that are long-term in nature.

Fiduciary Funds

The District is the trustee, or fiduciary, for the Foundation Private Purpose Trust Fund. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

FINANCIAL ANALYSIS OF THE GOVERNMENT WIDE STATEMENTS

The School District as a Whole

The District's net position was $75.4 million at June 30, 2022. Of this amount, unrestricted net position was ($134.4) million, net investment in capital assets was $107.6 million, and restricted net position was $102.1 million. A Comparative analysis of government-wide statement of net position is presented in Table 1.

The District's net position increased $5.8 million this fiscal year (See Table 2). The District's expenses for instructional and pupil services represented 75% of total expenses. The administrative activities of the District accounted for just 7% of total costs. The remaining 18% was spent in the areas of plant services, childcare services, and other expenses, including debt service interest. (See Figure 2)

(Table 1)
Comparative Statement of Net Position

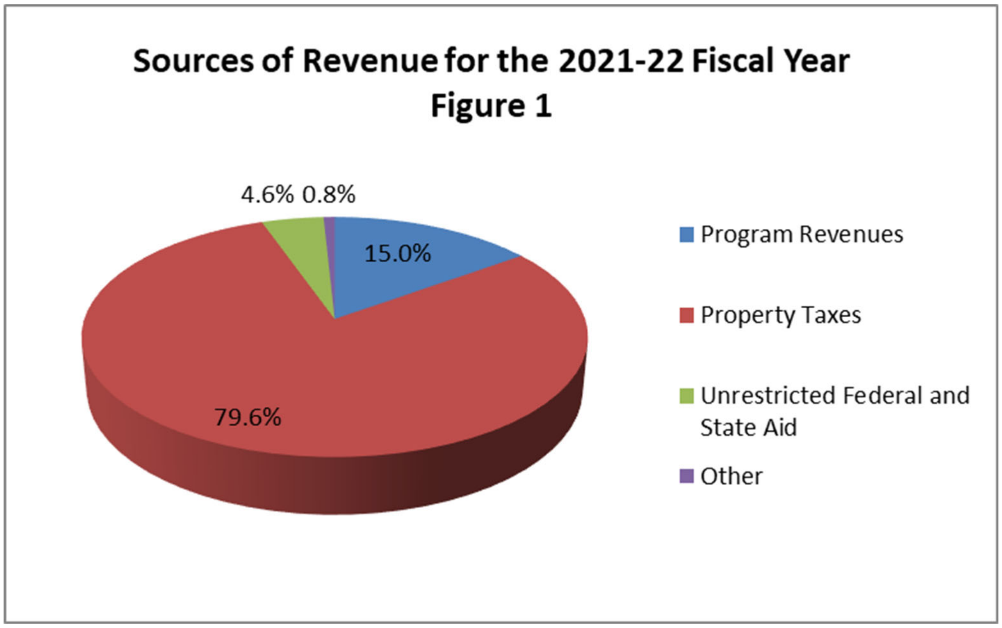
	Governmental Activities		Business Type Activities	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Assets				
Cash	$ 135,420,541	$ 123,766,743	$ 1,849,247	$ 657,286
Accounts receivable	2,998,782	5,915,856	17,819	4,659
Internal balances	208,473	(120,671)	(208,473)	120,671
Prepaid expenses	51,349	-	2,594	-
Lease receivable	666,163	-	-	-
Capital and lease assets, net	185,535,979	129,715,493	1,064,162	1,092,257
Total Assets	$ 324,881,287	$ 259,277,421	$ 2,725,349	$ 1,874,873
Deferred Outflows of Resources				
Deferred outflows of resources - pensions	$ 14,577,740	$ 14,656,447	$ 1,114,274	$ 1,828,878
Deferred outflows of resources - OPEB	1,699,838	1,739,087	74,530	72,219
Deferred outflows of resources - debt related	1,266,865	1,331,931	-	-
Total Deferred Outflows of Resources	$ 17,544,443	$ 17,727,465	$ 1,188,804	$ 1,901,097
Liabilities				
Accounts payable and other current liabilities	$ 8,985,830	$ 7,854,290	$ 225,967	$ 120,412
Unearned revenue	1,503,130	70,655	192,541	328,966
Long-term liabilities	217,592,371	191,676,455	2,663,463	6,452,094
Total Liabilities	$ 228,081,331	$ 199,601,400	$ 3,081,971	$ 6,901,472
Deferred Inflows of Resources				
Deferred inflows of resources - pensions	$ 28,412,398	2,612,099	$ 2,934,191	273,763
Deferred inflows of resources - OPEB	7,419,729	1,371,500	371,803	402,132
Deferred inflows of resources - GASB 87	653,740	-	-	-
Total Deferred Inflows of Resources	$ 36,485,867	$ 3,983,599	$ 3,305,994	$ 675,895
Net Position				
Net investment in capital assets	$ 106,583,505	$ 107,257,560	$ 1,064,162	$ 1,092,257
Restricted	102,139,650	97,240,452	-	-
Unrestricted	(130,864,623)	(131,078,125)	(3,537,974)	(4,893,654)
Total Net Position	$ 77,858,532	$ 73,419,887	$ (2,473,812)	$ (3,801,397)

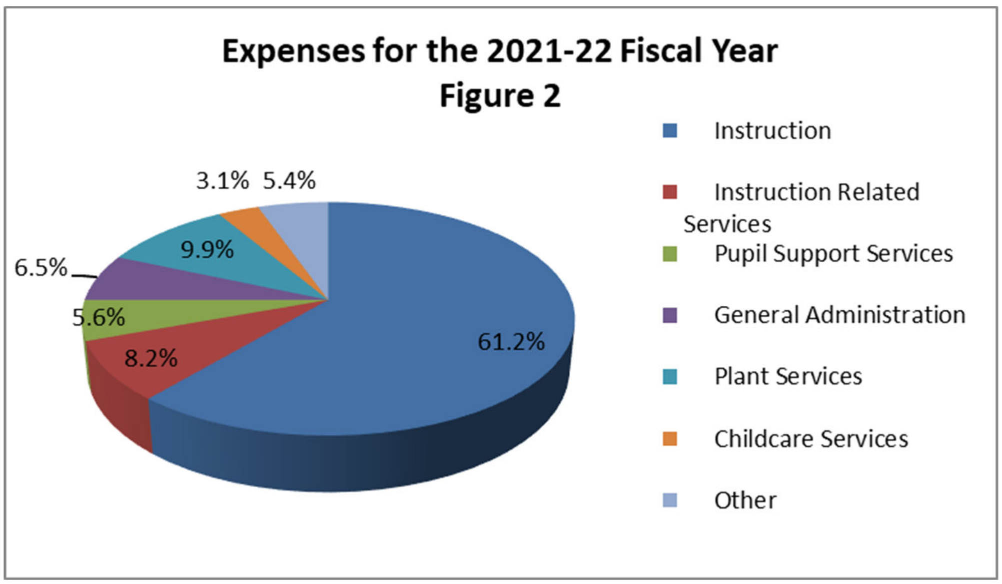
(Table 2)
Comparative Statement of Change in Net Position

	Governmental Activities		Business Type Activities	
	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2022	Year Ended June 30, 2021
Revenues				
Program revenues				
Charges for services	$ 901,323	$ 358,695	$ 3,598,340	$ 2,245,854
Operating grants and contributions	6,742,808	14,391,519	-	8,821
Capital grants and contributions	263,703	-	-	-
General revenues				
Taxes levied for general purposes	54,903,423	53,492,216	-	-
Taxes levied for debt service	1,620,771	5,513,355	-	-
Taxes levied for other specific purposes	4,336,597	4,283,216	-	-
Federal and state aid not restricted	3,500,286	2,781,257	-	-
Interest and investment earnings	(2,953,250)	350,473	(44,387)	8,018
Miscellaneous	3,623,326	2,531,904	-	-
Internal Transfers	-	(128,131)	-	128,131
Total Revenues	72,938,987	83,574,504	3,553,953	2,390,824
Expenses				
Instruction	43,284,076	50,381,699	-	-
Instruction Related Services	5,825,126	6,255,854	-	-
Pupil Support Services	3,944,226	3,394,588	-	-
General Administration	4,607,990	5,418,479	-	-
Plant Services	7,018,949	7,876,534	-	-
Childcare Services	-	-	2,226,367	3,191,518
Other	3,819,975	3,486,301	-	-
Total Expenses	68,500,342	76,813,455	2,226,367	3,191,518
Increase (Decrease) in Net Position	4,438,645	6,761,049	1,327,586	(800,694)
Net Position - Beginning Balance	73,419,887	66,658,838	(3,801,398)	(3,000,704)
Net Position - Ending Balance	$ 77,858,532	$ 73,419,887	$ (2,473,812)	$ (3,801,398)

GOVERNMENTAL ACTIVITIES

As reported in the Statement of Activities, the cost of all of the District’s governmental activities this year was $68.5 million. The amount that our local taxpayers financed for these activities through property taxes was $60.9 million. Federal and State aid not restricted to specific purposes totaled $3.5 million. Operating grants and contributions revenue was $6.7 million. Operating grants and unrestricted federal and state aid covered 15% of the expenses of the entire District (See Figure 1).





FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The fund financial statements focus on individual parts of the District's operations in more detail than the government-wide statements. The District's individual fund statements provide information on inflows and outflows and balances of spendable resources. The District's governmental funds reported a combined fund balance of \$129.9 million, an increase of \$6.9 million from the previous fiscal year's combined ending balance of \$123 million. The Childcare services enterprise fund reported an ending net position of \$(2.5) million which represented an increase in net position of \$1.3 million over the previous year ending net position of \$(3.8) million.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget regularly. The significant budget adjustments fell into the following categories:

- Budget revisions to the adopted budget required after approval of the State budget.
- Budget revisions to update revenues to actual enrollment information and to update expenditures for staffing adjustments related to actual enrollments.
- Other budget revisions are routine in nature, including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditure categories for school and department budgets.

The final revised budget for the General Fund reflected a net increase to the ending balance of $455,468.

The District ended the year with a $1.9 million increase to the general fund ending balance. The State recommends available reserves of 3% of total general fund expenditures and other financing uses of the general fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets and Lease Assets

The District has a broad range of capital assets, including school buildings, administrative buildings, site improvements, vehicles, and equipment. Table 3 demonstrates a comparative Schedule of Capital and Lease Assets.

(Table 3)
Comparative Schedule of Capital and Lease Assets
June 30, 2022 and 2021

	2022	2021	Net $ Change	Net % Change
Land	$ 47,803,718	$ 36,813,151	$ 10,990,567	29.9%
Work in Progress	71,130,316	25,702,620	45,427,696	176.7%
Land Improvements	4,896,749	4,304,135	592,614	13.8%
Buildings & Improvements	105,055,006	104,938,109	116,897	0.1%
Equipment	4,860,226	4,867,947	(7,721)	-0.2%
Less Accumulated Depreciation for				
Land Improvements	(1,582,626)	(1,797,963)	215,337	-12.0%
Buildings & Improvements	(41,506,933)	(43,863,277)	2,356,344	-5.4%
Equipment	(2,728,653)	(2,779,153)	50,500	-1.8%
Lease Assets				
Equipment	1,649,572	0	1,649,572	100.0%
Less Accumulated Amortization	(355,053)	0	(355,053)	100.0%
Total	$ 189,222,322	$ 128,185,569	$ 61,036,753	47.6%

Long-Term Debt

At June 30, 2022 the District had $171.9 million in long-term debt outstanding. Table 4 shows a comparative schedule of long-term debt items.

(Table 4)
Comparative Schedule of Long-Term Debt
June 30, 2022 and 2021

	2022	2021	Net $ Change	Net % Change
General Obligation Bonds	$ 115,418,393	$ 53,618,873	$ 61,799,520	115.3%
Special Tax Bonds	54,658,656	56,135,124	(1,476,468)	-2.6%
Leases Payable	1,786,302	468,859	1,317,443	281.0%
Total Long-Term Debt	$ 171,863,351	$ 110,222,856	$ 61,640,495	55.9%

GENERAL OBLIGATION BOND

On November 6, 2018, the voters of the Del Mar Union School District community voted to approve Measure MM to authorize the District to issue $186 million of general obligation bonds for construction, reconstruction and modernization of Del Mar Union School District facilities. This bond measure passed with over 61% of votes cast in favor to authorize the issuance and sale.

The Bonds represent a general obligation of the District, payable solely from *ad valorem* taxes for the payment of the principal and interest on the Bonds upon all property subject to taxation by the District. The amount of the annual *ad valorem* taxes levied by the County to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year.

The Del Mar Union School District General Obligation Bonds, 2018 Election, Series 2019 A were issued in October 2019 in the principal amount of $55,285,000 and are rated Aaa by Moody's Investors Services

The Del Mar Union School District General Obligation Bonds, 2018 Election, Series 2022 B were issued in May 2022 in the principal amount of $64,000,000 and are rated Aaa by Moody's Investors Services

FACTORS BEARING ON THE DISTRICT'S FUTURE

School district revenues consist primarily of guaranteed State moneys, local property taxes and funds received from the State in the form of categorical aid under ongoing programs of local assistance. All State aid is subject to the appropriation of funds in the State's annual budget

Predicting the future requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years. The District currently maximizes restricted funds prior to utilizing unrestricted revenues in the budget development process. The Del Mar Union School District is committed to proactive fiscal planning and maintaining a reserve balance to assure fiscal solvency.

AVERAGE DAILY ATTENDANCE (ADA) AND ENROLLMENT

The following chart shows the District's ADA for fiscal years 2017-2018 through 2021-2022:

Fiscal Year	Total ADA	Total Enrollment
2017-2018	4,321.83	4,453
2018-2019	4,140.74	4,263
2019-2020	4,012.71	4,132
2020-2021	4,012,.71*	3,853
2021-2022	3,648.87	3,895

*Districts held harmless to 2019-2020 ADA.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Business Office, at Del Mar Union School District, 11232 El Camino Real, Ste. 100, San Diego CA 92130.

Basic Financial Statements

Del Mar Union School District

Statement of Net Position

June 30, 2022

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
Assets				
Cash	$ 135,420,541	$ 1,849,247	$ 137,269,788	$ 51,036
Receivables	2,998,782	17,819	3,016,601	-
Internal Balances	208,473	(208,473)	-	-
Prepaid Expenses	51,349	2,594	53,943	-
Lease Receivable	666,163	-	666,163	-
Capital Assets:				
Land	47,803,718	-	47,803,718	-
Improvements	4,896,749	-	4,896,749	-
Buildings	103,671,287	1,383,719	105,055,006	-
Equipment	4,860,226	-	4,860,226	-
Work in Progress	71,130,316	-	71,130,316	-
Less Accumulated Depreciation	(48,120,836)	(319,557)	(48,440,393)	-
Lease Assets	1,649,572	-	1,649,572	-
Less Accumulated Amortization	(355,053)	-	(355,053)	-
Total Assets	324,881,287	2,725,349	327,606,636	51,036
Deferred Outflows of Resources	17,544,443	1,188,804	18,733,247	-
Liabilities				
Accounts Payable and Other Current Liabilities	8,985,830	225,967	9,211,797	341
Unearned Revenue	1,503,130	192,541	1,695,671	-
Long-Term Liabilities:				
Due Within One Year	3,407,137	31,255	3,438,392	-
Due in More Than One Year	214,185,234	2,632,208	216,817,442	-
Total Liabilities	228,081,331	3,081,971	231,163,302	341
Deferred Inflows of Resources	36,485,867	3,305,994	39,791,861	-
Net Position				
Net Investment in Capital Assets	106,583,505	1,064,162	107,647,667	-
Restricted for:				
Capital Projects	93,997,909	-	93,997,909	-
Debt Service	5,311,294	-	5,311,294	-
Educational Programs	2,226,103	-	2,226,103	-
Other Purposes (Expendable)	527,995	-	527,995	-
Other Purposes (Nonexpendable)	76,349	-	76,349	-
Unrestricted	(130,864,623)	(3,537,974)	(134,402,597)	50,695
Total Net Position	$ 77,858,532	$ (2,473,812)	$ 75,384,720	$ 50,695

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

Del Mar Union School District

Statement of Activities

For the Year Ended June 30, 2022

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
Functions	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total	Component Unit
Governmental Activities:								
Instruction	$ 43,284,076	$ 3,004	$ 6,955,161	$ 263,703	$ (36,062,208)		$ (36,062,208)	
Instruction-Related Services								
Instructional Supervision and Administration	2,962,684	318	501,267	-	(2,461,099)		(2,461,099)	
Instructional Library, Media and Technology	209,200	-	-	-	(209,200)		(209,200)	
School Site Administration	2,653,242	-	21,253	-	(2,631,989)		(2,631,989)	
Pupil Services								
Home-to-School Transportation	775,171	-	2,452	-	(772,719)		(772,719)	
Food Services	874,619	633,436	221,250	-	(19,933)		(19,933)	
All Other Pupil Services	2,294,436	208	648,756	-	(1,645,472)		(1,645,472)	
General Administration								
Centralized Data Processing	1,428,792	-	4,234	-	(1,424,558)		(1,424,558)	
All Other General Administration	3,179,198	23	177,808	-	(3,001,367)		(3,001,367)	
Plant Services	7,018,949	264,334	(2,225,482)	-	(8,980,097)		(8,980,097)	
Ancillary Services	54,532	-	436,109	-	381,577		381,577	
Interest on Long-Term Debt	3,417,618	-	-	-	(3,417,618)		(3,417,618)	
Debt Issuance Costs	347,825	-	-	-	(347,825)		(347,825)	
Transfers Between Agencies	-	-	-	-	-		-	
Total Governmental Activities	68,500,342	901,323	6,742,808	263,703	(60,592,508)		(60,592,508)	
Business Type Activities:								
Child Care Services	2,226,367	3,598,340	-	-		$ 1,371,973	1,371,973	
Total Business Type Activities	2,226,367	3,598,340	-	-		1,371,973	1,371,973	
Component Unit:								
Educational Grants	1,300,000	-	1,397,915	-				$ 97,915
Management and General	71,816	-	-	-				(71,816)
Fundraising	54,152	-	-	-				(54,152)
Total Component Unit	1,425,968	-	1,397,915	-				(28,053)
Total	$ 72,152,677	$ 4,499,663	$ 8,140,723	$ 527,406	$ (60,592,508)	$ 1,371,973	$ (59,220,535)	$ (28,053)

	Governmental Activities	Business Type Activities	Total	Component Unit
General Revenues:				
Taxes and Subventions:				
Taxes Levied for General Purposes	$ 54,903,423	$ -	$ 54,903,423	$ -
Taxes Levied for Debt Service	1,620,771	-	1,620,771	-
Taxes Levied for Other Specific Purposes	4,336,597	-	4,336,597	-
Federal and State Aid, Not Restricted	3,500,286	-	3,500,286	-
Interest and Investment Earnings/(Loss)	(2,953,250)	(44,387)	(2,997,637)	269
Miscellaneous	3,623,326	-	3,623,326	-
Total General Revenues	65,031,153	(44,387)	64,986,766	269
Change in Net Position	4,438,645	1,327,586	5,766,231	(27,784)
Net Position, Beginning	73,419,887	(3,801,398)	69,618,489	78,479
Net Position, Ending	$ 77,858,532	$ (2,473,812)	$ 75,384,720	$ 50,695

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

Del Mar Union School District

Balance Sheet – Governmental Funds

June 30, 2022

	General Fund	Building Fund	Capital Project Fund for Blended Component Unit	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	$ 24,822,373	$ 77,664,892	$ 18,426,749	$ 14,506,527	$ 135,420,541
Accounts Receivable	2,763,779	109,807	42,113	83,083	2,998,782
Due from Other Funds	264,890	14,963	-	263,703	543,556
Prepaid Expenditures	44,491	-	-	6,858	51,349
Lease Receivable	666,163	-	-	-	666,163
Total Assets	$ 28,561,696	$ 77,789,662	$ 18,468,862	$ 14,860,171	$ 139,680,391
Liabilities, Deferred Inflows, and Fund Balance					
Liabilities:					
Accounts Payable	$ 3,938,714	$ 2,063,612	$ 1,284,035	$ 13,078	$ 7,299,439
Due to Other Funds	46,335	-	-	288,748	335,083
Unearned Revenue	1,461,027	-	-	42,103	1,503,130
Total Liabilities	5,446,076	2,063,612	1,284,035	343,929	9,137,652
Deferred Inflows of Resources:					
Deferred Lease Revenue	653,740	-	-	-	653,740
Total Deferred Inflows of Resources	653,740	-	-	-	653,740
Fund Balance:					
Nonspendable Fund Balances	69,491	-	-	6,858	76,349
Restricted Fund Balances	2,754,098	75,726,050	17,184,827	6,398,326	102,063,301
Committed Fund Balances	-	-	-	1,624,921	1,624,921
Assigned Fund Balances	14,853,882	-	-	6,492,684	21,346,566
Unassigned Fund Balances	4,784,409	-	-	(6,547)	4,777,862
Total Fund Balance	22,461,880	75,726,050	17,184,827	14,516,242	129,888,999
Total Liabilities, Deferred Inflows, and Fund Balance	$ 28,561,696	$ 77,789,662	$ 18,468,862	$ 14,860,171	$ 139,680,391

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

Del Mar Union School District

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

Total fund balances governmental funds:		$ 129,888,999
Amounts reported for assets, deferred outflows of resources, liabilities, and deferred inflows of resources for governmental activities in the statement of net position are different from amounts reported in governmental funds because:		
Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets, lease assets, accumulated depreciation, and accumulated amortization.		
Capital assets relating to governmental activities, at historical cost	232,362,296	
Accumulated depreciation	(48,120,836)	
Net		184,241,460
Lease assets relating to governmental activities, at historical cost	1,649,572	
Accumulated amortization	(355,053)	
Net		1,294,519
Unamortized costs: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs for prepaid debt insurance are amortized over the life of the debt. Unamortized debt insurance costs included in deferred outflows of resources on the statement of net position are:		462,633
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:		(1,686,391)
Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
General obligation bonds payable	115,418,393	
Leases payable	1,786,302	
Special tax bonds payable	54,658,656	
Net pension liability	37,161,042	
Net OPEB liability	8,238,672	
Compensated absences	329,306	
Total		(217,592,371)

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

Deferred gain or loss on debt refunding: In the government wide financial statements deferred gain or loss on debt refunding is recognized as a deferred outflow of resources (for a loss) or a deferred inflow of resources (for a gain) and subsequently amortized over the life of the debt. Deferred gain or loss on debt refunding recognized as a deferred outflow of resources or deferred inflow of resources on the statement of net position was:		804,232
Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.		
Deferred outflows of resources relating to pensions	14,577,740	
Deferred inflows of resources relating to pensions	(28,412,398)	
Net		(13,834,658)
Deferred outflows and inflows of resources relating to other postemployment benefits (OPEB): In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.		
Deferred outflows of resources relating to OPEB	1,699,838	
Deferred inflows of resources relating to OPEB	(7,419,729)	
Net		(5,719,891)
Total net position governmental activities:		$ 77,858,532

Del Mar Union School District

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

	General Fund	Building Fund	Capital Project Fund for Blended Component Unit	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
State Apportionment	$ 1,170,350	$ -	$ -	$ -	$ 1,170,350
Education Protection Account Funds	801,834	-	-	-	801,834
Local Property Taxes	54,630,115	-	4,336,597	1,894,079	60,860,791
Federal Revenue	2,523,731	-	-	201,177	2,724,908
Other State Revenue	7,983,066	-	-	272,011	8,255,077
Interest & Investment Income/(Loss)	(517,008)	(1,841,875)	(415,173)	(179,194)	(2,953,250)
Other Local Revenue	4,242,615	-	4,475	1,207,421	5,454,511
Total Revenues	70,834,703	(1,841,875)	3,925,899	3,395,494	76,314,221
Expenditures					
Current Expenditures:					
Instruction	45,850,997	-	-	-	45,850,997
Instruction - Related Services	6,460,172	-	-	-	6,460,172
Pupil Services	3,385,882	-	-	893,820	4,279,702
Ancillary Services	54,532	-	-	-	54,532
General Administration	5,075,245	-	-	6,279	5,081,524
Plant Services	6,391,892	181,492	27,446	183,014	6,783,844
Debt Issue Costs	-	334,120	-	-	334,120
Capital Outlay	1,724,956	34,391,064	22,807,243	254,679	59,177,942
Debt Service:					
Principal	332,129	-	-	6,765,000	7,097,129
Interest	12,119	-	-	3,559,744	3,571,863
Total Expenditures	69,287,924	34,906,676	22,834,689	11,662,536	138,691,825
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,546,779	(36,748,551)	(18,908,790)	(8,267,042)	(62,377,604)
Other Financing Sources (Uses):					
Transfers In	-	-	-	3,659,482	3,659,482
Transfers Out	(49,954)	-	(3,345,825)	(263,703)	(3,659,482)
Proceeds from Sale of Bonds	-	64,149,120	-	3,461,075	67,610,195
Proceeds from Leases	1,649,572	-	-	-	1,649,572
Total Other Financing Sources (Uses)	1,599,618	64,149,120	(3,345,825)	6,856,854	69,259,767
Net Change in Fund Balance	3,146,397	27,400,569	(22,254,615)	(1,410,188)	6,882,163
Fund Balance, Beginning of Year	19,315,483	48,325,481	39,439,442	15,926,430	123,006,836
Fund Balance, End of Year	$ 22,461,880	$ 75,726,050	$ 17,184,827	$ 14,516,242	$ 129,888,999

Del Mar Union School District

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

Total change in fund balances, governmental funds:		$ 6,882,163
Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:		
Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation or amortization expense. The difference between capital outlay expenditures, depreciation, and amortization expense for the period is:		
Expenditures for capital outlay	59,177,942	
Depreciation expense	(2,988,516)	
Amortization expense	(355,053)	
Net		55,834,373
Gain or loss from disposal of capital assets: In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:		(13,887)
Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		7,097,129
Debt proceeds: In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt were:		(69,259,767)
Debt issue costs for prepaid debt insurance: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs for prepaid debt insurance are amortized over the life of the debt. The difference between debt issue costs for prepaid insurance incurred in the current period and prepaid insurance costs amortized for the period is:		
Prepaid debt insurance incurred during the period	-	
Prepaid debt insurance amortized for the period	(13,705)	
Net		(13,705)

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

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from	(316,538)
Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:	23,039
Pensions: In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:	4,249,151
Other postemployment benefits (OPEB): In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year the difference between OPEB expenses and actual employer OPEB contributions was:	(514,095)
Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. Amortization of debt issue premium or discount, or deferred gain or loss from debt refunding for the period is:	470,782
Change in net position of governmental activities:	$ 4,438,645

Del Mar Union School District

Statement of Net Position – Enterprise Fund
June 30, 2022

		Enterprise Fund
		Child Care Services Fund
Assets		
Current Assets		
Cash and Cash Equivalents	$	1,849,247
Accounts Receivable		17,819
Due from Other Funds		31,372
Prepaid Expenses		2,594
Total Current Assets		1,901,032
Noncurrent Assets		
Buildings and Improvements		1,383,719
Accumulated Depreciation		(319,557)
Total Noncurrent Assets		1,064,162
Total Assets	$	2,965,194
Deferred Outflows of Resources		
OPEB Related	$	74,530
Pension Related		1,114,274
Total Deferred Outflows of Resources	$	1,188,804
Liabilities		
Current Liabilities		
Accounts Payable	$	225,967
Due to Other Funds		239,845
Unearned Revenue		192,541
Compensated Absences Payable		31,255
Total Current Liabilities		689,608
Noncurrent Liabilities		
Net Pension Liability		2,443,792
Net OPEB Liability		188,416
Total Noncurrent Liabilities		2,632,208
Total Liabilities	$	3,321,816
Deferred Inflows of Resources		
OPEB Related	$	371,803
Pension Related		2,934,191
Total Deferred Inflows of Resources	$	3,305,994
Net Position		
Net Investment in Capital Assets	$	1,064,162
Unrestricted (Deficit)		(3,537,974)
Total Net Position	$	(2,473,812)

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

	Enterprise Fund
	Child Care Services Fund
Operating Revenues	
Child Care Service Fees	$ 3,598,340
Total Operating Revenues	3,598,340
Operating Expenses	
Classified Salaries	1,658,238
Employee Benefits	116,705
Books and Supplies	44,881
Services and Other Operating Expenses	378,449
Depreciation Expense	28,094
Total Operating Expenses	2,226,367
Operating Income (Loss)	1,371,973
Non-Operating Revenues/(Expenses)	
Interest and Investment Income/(Loss)	(44,387)
Total Nonoperating Revenues/(Expenses)	(44,387)
Change in Net Position	1,327,586
Total Net Position - Beginning	(3,801,398)
Total Net Position - Ending	$ (2,473,812)

Del Mar Union School District

Statement of Cash Flows – Enterprise Fund
June 30, 2022

	Enterprise Fund
	Child Care Services Fund
Cash Flows from Operating Activities	
Cash Received from Customers	$ 3,450,459
Cash Payments for Payroll and Benefits	(2,113,407)
Cash Payments to Other Suppliers for Goods and Services	(99,000)
Net Cash Provided (Used) by Operating Activities	1,238,052
Cash Flows from Investing Activities	
Interest and Realized Investment Earnings/(Losses)	(46,091)
Net Cash Provided (Used) by Investing Activities	(46,091)
Net Increase (Decrease) in Cash and Cash Equivalents	1,191,961
Cash and Cash Equivalents, Beginning of Year	657,286
Cash and Cash Equivalents, End of Year	$ 1,849,247
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	$ 1,371,973
Depreciation Expense	28,094
Change in Assets and Liabilities:	
Decrease (Increase) in Operating Accounts Receivable	(11,456)
Decrease (Increase) in Due From Other Funds	96,759
Decrease (Increase) in Prepaid Expenses	(2,594)
Decrease (Increase) in Deferred Outflows of Resources	712,293
Increase (Decrease) in Accounts Payable	105,555
Increase (Decrease) in Due To Other Funds	232,385
Increase (Decrease) in Unearned Revenue	(136,425)
Increase (Decrease) in Net Pension Liability	(3,623,138)
Increase (Decrease) In Net OPEB Liability	(156,939)
Increase (Decrease) in Compensated Absences Payable	(8,554)
Increase (Decrease) in Deferred Inflows of Resources	2,630,099
Net Cash Provided (Used) by Operating Activities	$ 1,238,052

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

	Foundation Private-Purpose Trust Fund
Assets	
Cash and Cash Equivalents	$ 34,047
Accounts Receivable	79
Total Assets	$ 34,126
Net Position	
Held in Trust for Other Purpose	$ 34,126
Total Net Position	$ 34,126

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

	Foundation Private-Purpose Trust Fund
Additions	
Interest Income	$ 250
Total Additions	250
Deductions	
Investment Losses	1,008
Total Deductions	1,008
Change in Net Position	(758)
Net Position, Beginning of Year	34,884
Net Position, End of Year	$ 34,126

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

The District operates under a locally elected Governing Board of Trustees form of government and provides educational services to grades K-6 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, special revenue funds, capital facilities funds, debt service funds, student-related activities, and discretely presented component units.

2. Component Units

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

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

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

a. Manifestations of Oversight

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

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

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

b. Accounting and Fiscal Matters

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

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

c. Scope of Public Service and Financial Presentation

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

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

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

The Del Mar Union School District has identified one foundation which has a financial and operational relationship which meet the reporting entity definition criteria of the Codification of Governmental Accounting and Financial Reporting Section 2100, for inclusion of the foundation as a discretely presented component unit.

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

Del Mar Schools Education Foundation

The Del Mar Schools Education Foundation (DMSEF) is a nonprofit 501(c)(3) organization that exists to raise funds to assist in paying for the compensation packages for specialized and credentialed teachers in the Del Mar Union School District's STEAM+ curriculum. DMSEF is committed to providing specialized instruction and thereby enriching the educational opportunities of every student in the Del Mar Union School District. During the year ended June 30, 2022, DMSEF provided a grant of $1,130,000 to the District to assist in the costs associated with the STEAM+ program.

Nature and Significance of Relationship

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

1) The economic resources received or held by DMSEF are entirely for the direct benefit of the District.
2) The District is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by DMSEF.
3) The economic resources received or held by DMSEF are significant to the District.

3. <u>Basis of Presentation</u>

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions. Business type activities are financed in whole or in part by fees charged to external parties.

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

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

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

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

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

Major Governmental Funds

The District reports the following major governmental funds:

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

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

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

Non-Major Governmental Funds

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

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

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

Deferred Maintenance Fund: This fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code §17582*).

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

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

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

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

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

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

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

Proprietary Fund

Enterprise Fund: Enterprise funds are used to account for an activity for which a fee is charged to external users for goods or services. An enterprise fund is accounted for on the accrual basis. Capital assets and long-term liabilities are recorded in the fund. All revenues and expenses are recorded, regardless of when they are received or paid. The District reports the following enterprise fund:

Child Care Services Fund: This fund accounts for the activities of the Districts fee based child care program.

Fiduciary Funds

Trust and Agency Funds: Trust and agency funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the District's own programs. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held. The District maintains the following trust funds:

Foundation Private Purpose Trust Fund: This fund is used to account separately for gifts or bequests per *Education Code §41031* that benefit individuals, private organizations, or other governments and under which neither principal nor income may be used for purposes that support the District's own programs.

4. Basis of Accounting – Measurement Focus

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

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

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

5. Encumbrances

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

6. Budgets and Budgetary Accounting

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

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

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

7. Revenues and Expenses

a. Revenues – Exchange and Non-Exchange

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

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

b. Expenses/Expenditures

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

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

   a. Deposits and Investments

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

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

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

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

   b. Stores Inventories and Prepaid Expenditures

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

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

   c. Capital Assets

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

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

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

d. Lease Assets & Lease Liabilities

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

e. Compensated Absences

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

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

f. Unearned Revenue

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

g. Interfund Activity

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

h. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

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

i. Minimum Fund Balance Policy

The District is a basic aid district and receives funding computed from local property tax revenue. The Board shall establish and maintain a higher level of reserves in an attempt to close the state aid differential and protect the District during times of economic uncertainty and fluctuations in property tax revenues. The District Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts of not less than 15 percent of general fund operating expenditures and other financing uses.

j. GASB 54 Fund Presentation

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

k. Deferred Inflows and Deferred Outflows of Resources

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

l. Pensions

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

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

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

m. Postemployment Benefits Other than Pensions (OPEB)

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

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

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

9. Property Taxes

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

10. Use of Estimates

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

11. Fair Value Measurements

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

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

12. New Accounting Pronouncements

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

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

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

- Leases where the District is the lessee were previously accounted for as a current expense in the years the lease payments were made. Under the provisions of GASB Statement No. 87 these leases are recorded on the government wide statement of net position as lease assets which are amortized over the life of the asset or lease (whichever is shorter), and lease liabilities which are reduced over the life of the lease by principal payments. The change resulted in current year transactions. No adjustment was needed to beginning balances.

- Leases where the District is the lessor were previously accounted for as rental income in the year that the rent was collected. Under the provisions of GASB Statement No. 87 these leases are recorded at inception of the lease as a lease receivable and a deferred inflow of resources. The change resulted in current year transactions. No adjustment was needed to beginning balances.

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

B. Compliance and Accountability

1. Finance Related Legal and Contractual Provisions

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

Violation	Action Taken
None Reported	Not Applicable

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

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

Fund Name	Deficit Amount	Remarks
Enterprise Fund	$ (2,473,812)	Consistent with the requirements in GASB Statement No. 68 & GASB Statement No. 75 the District has recorded the liability for Pension and Other Post Employment Benefits; however, the District has elected not to fully fund the liabilities at this time as a result of the volatile state economy and state budget.

C. Fair Value Measurements

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

		Fair Value Measurement Using		
	Amount	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	$ 136,951,044	$ -	$ 136,951,044	$ -
Other investments measured at fair value				
U.S. Government Money Market Funds	277	277	-	-
Total investments measured at fair value	$ 136,951,321	$ 277	$ 136,951,044	$ -

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

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

D. Cash and Investments

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

	Major Governmental Funds				
	General Fund	Building Fund	Capital Project Fund for Blended Component Unit	Nonmajor Governmental Funds	Total Governmental Funds
Cash in County Treasury	$ 25,089,785	$ 79,632,474	$ 18,893,293	$ 14,732,815	$ 138,348,367
FMV Adjustment	(619,926)	(1,967,582)	(466,821)	(226,288)	(3,280,617)
Cash with Fiscal Agent	-	-	277	-	277
Cash in Revolving Fund	25,000	-	-	-	25,000
Cash in Bank	327,514	-	-	-	327,514
Total Cash and Cash Equivalents	$ 24,822,373	$ 77,664,892	$ 18,426,749	$ 14,506,527	$ 135,420,541

	Child Care Services Enterprise Fund	Foundation Private Purpose Trust Fund
Cash in County Treasury	$ 1,896,096	$ 34,910
FMV Adjustment	(46,849)	(863)
Total Cash and Cash Equivalents	$ 1,849,247	$ 34,047

1. <u>Cash in County Treasury</u>

In accordance with Education Code §41001, the District maintains substantially all of its cash in the San Diego County Treasury as part of the common investment pool ($140,279,373 as of June 30, 2022). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was $136,951,044. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

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

Cash balances on hand and in banks ($327,514 as of June 30, 2022) and in revolving fund ($25,000 as of June 30, 2022) are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC).

3. Cash with Fiscal Agents & Investments

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

Account Type	Maturity	Amount Reported	Fair Value
U.S. Government Money Market	<30 Days	$ 277	$ 277

4. Investments Authorized by the California Government Code and the District's Investment Policy

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

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

5. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

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

Investment Type	Rating	Rating Agency	Amount
County Treasurer's Investment Pool	Unrated	Not Applicable	$ 136,951,044
U.S. Government Money Market	Unrated	Not Applicable	277

b. Custodial Credit Risk

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

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

At June 30, 2022, the District's bank balances exceeded FDIC limitations by $102,514 and as such were exposed to custodial credit risk. Cash with fiscal agent investment balances of $277 were not FDIC insured and therefore exposed to custodial credit risk.

c. Concentration of Credit Risk

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

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District maintains pooled investments with the San Diego County Treasury with a fair value of $136,951,044. The average weighted maturity for this pool was 551 days at June 30, 2022.

e. Foreign Currency Risk

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

6. Investment Accounting Policy

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

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

E. Accounts Receivable

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

	Major Governmental Funds				
	General Fund	Building Fund	Capital Project Fund for Blended Component Unit	Nonmajor Governmental Funds	Total Governmental Funds
Federal Government					
Special Education Programs	$ 939,667	$ -	$ -	$ -	$ 939,667
ESSER/GEER	786,195	-	-	-	786,195
Title I	68,008	-	-	-	68,008
Other Federal Programs	5,867	-	-	42,671	48,538
State Government					
Learning Recovery Support	305,109	-	-	-	305,109
Lottery	238,133	-	-	-	238,133
Educator Effectivness	227,022	-	-	-	227,022
Other State Programs	27,161	-	-	2,262	29,423
Local Sources					
Interest	59,914	109,807	42,113	20,377	232,211
Other Local Sources	106,703	-	-	17,773	124,476
Total Accounts Receivable	$ 2,763,779	$ 109,807	$ 42,113	$ 83,083	$ 2,998,782

	Child Care Services Enterprise Fund	Foundation Trust Fund
Local Sources		
Interest	$ 2,613	$ 79
Other Local Sources	15,206	-
Total Accounts Receivable	$ 17,819	$ 79

F. Prepaid Expenditures

Prepaid expenditures as of June 30, 2022, consisted of:

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Prepaid Service Contracts	$ 44,491	$ 6,858	$ 51,349

	Child Care Services Enterprise Fund
Prepaid Service Contracts	$ 2,594

G. Capital Assets and Lease Assets

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

Governmental Activities	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 36,813,151	$ 10,990,567	$ -	$ 47,803,718
Work in Progress	25,702,620	56,517,519	11,089,823	71,130,316
Total capital assets not being depreciated	62,515,771	67,508,086	11,089,823	118,934,034
Capital assets being depreciated:				
Improvements	4,304,135	592,614	-	4,896,749
Buildings	103,554,390	116,897	-	103,671,287
Equipment	4,867,947	400,596	408,317	4,860,226
Total capital assets being depreciated	112,726,472	1,110,107	408,317	113,428,262
Accumulated depreciation for:				
Improvements	(1,582,626)	(215,337)	-	(1,797,963)
Buildings	(41,215,471)	(2,328,249)	-	(43,543,720)
Equipment	(2,728,653)	(444,930)	(394,430)	(2,779,153)
Total accumulated depreciation	(45,526,750)	(2,988,516)	(394,430)	(48,120,836)
Government activities capital assets, net	129,715,493	65,629,677	11,103,710	184,241,460
Lease Assets				
Equipment	-	1,649,572	-	1,649,572
Accumulated amortization for lease assets	-	(355,053)	-	(355,053)
Lease assets, net	-	1,294,519	-	1,294,519
Governmental activities capital assets and lease assets, net	$129,715,493	$ 66,924,196	$ 11,103,710	$185,535,979

Business-Type Activities	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Buildings	$ 1,383,719	$ -	$ -	$ 1,383,719
Total capital assets being depreciated	1,383,719	-	-	1,383,719
Less accumulated depreciation for:				
Buildings	(291,462)	(28,095)	-	(319,557)
Total accumulated depreciation	(291,462)	(28,095)	-	(319,557)
Total capital assets being depreciated, net	1,092,257	(28,095)	-	1,064,162
Business-Type activities capital assets, net	$ 1,092,257	$ (28,095)	$ -	$ 1,064,162

Depreciation and amortization were charged to functions as follows:

	Depreciation Allocated by Function		Amortization Allocated by Function
	Governmental Activities	Business-Type Activities	Governmental Activities
Instruction	$ 2,173,867	$ -	$ 355,053
Instruction-Related Services	34,942	-	-
Enterprise - Child Care Services	-	28,095	-
General Administration	107,649	-	-
Plant Services	672,058	-	-
Total	$ 2,988,516	$ 28,095	$ 355,053

H. Lease Receivable

The District is a lessor in leases as defined by GASB 87. Details of the leases are as follows:

The District holds a Communications Site Lease Agreement with T-Mobile for the placement of cell phone towers on one of the District's buildings. The lease began October 2007 with the previous owners of the District's building and an initial term of September 30, 2012, but contained the right to renew five additional terms of sixty months each, which the lessee is reasonably likely to exercise, making the lease end term September 30, 2037. Under the agreement the District receives payments of $1,254 per month. Each renewal term the lease is automatically increased by 12%. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 1.5%, which is an imputed rate.

The District holds a Communications Site Lease Agreement with AT&T for the placement of cell phone towers on one of the District's buildings. The lease began July 2010 with the previous owners of the District's building and an initial term of May 31, 2015 with the right to renew four additional terms of sixty months each, which the lessee is reasonably likely to exercise, making the lease end term May 31, 2035. Under the agreement the District receives payments of $2,487 per month. Rent automatically increases by 2% each year The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 1.5%, which is an imputed rate.

The District holds a Facilities Lease Agreement with the Boys and Girls Club of San Dieguito for use of District owned facilities. The lease began July 1, 2021 with a term date of June 30, 2027. The lease calls for annual rent payments of $1,400 that increase each year by 2%. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 0.90%, which is an imputed rate.

Lease receivable is reduced each year by the principal payments collected on the lease. Deferred inflows of resources relating to leases is amortized over the life of the lease using the straight-line method. The following represents activity for leases receivable and deferred inflows of resources relating to leases during the fiscal year ended June 30, 2022:

Description	Balance Beginning of Year	Current Year Additions	Current Year Principal Collected	Balance End of Year
AT&T Cell Tower	$ -	$ 426,226	$ 23,660	$ 402,566
T-Mobile Cell Tower	-	267,404	11,118	256,286
Boys & Girls Club Facility Use	-	8,632	1,321	7,311
Total Leases Receivable	$ -	$ 702,262	$ 36,099	$ 666,163

Description	Balance Beginning of Year	Current Year Additions	Current Year Amortization	Balance End of Year
AT&T Cell Tower	$ -	$ 426,226	$ 30,627	$ 395,599
T-Mobile Cell Tower	-	267,404	16,456	250,948
Boys & Girls Club Facility Use	-	8,632	1,439	7,193
Total Deferred Inflows	$ -	$ 702,262	$ 48,522	$ 653,740

I. Interfund Balances & Activities

1. Due To and From Other Funds

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

Interfund Receivable (Due From Other Funds)	Interfund Payable (Due To Other Funds)	Amount	Purpose
General Fund	Nonmajor Governmental Funds	$ 25,045	Temporary loan
General Fund	Child Care Services Enterprise Fund	239,845	Direct charges of expenditures
Building Fund	General Fund	14,963	Reimburse expenditures
Nonmajor Governmental Funds	Nonmajor Governmental Funds	263,702	Capital projects expenditures
Child Care Services Enterprise Fund	General Fund	31,372	Fund extended day program
	Total	$ 574,927	

2. Transfers To and From Other Funds

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

Transfers In	Transfers Out	Amount	Purpose
Nonmajor Governmental Funds	General Fund	$ 49,954	Program contribution
Nonmajor Governmental Funds	Blended Component Unit	3,345,825	Debt service expenditures
Nonmajor Governmental Funds	Nonmajor Governmental Funds	263,703	Capital projects expenditures
	Total	$ 3,659,482	

J. Accounts Payable

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

	Major Governmental Funds				
	General Fund	Building Fund	Capital Project Fund for Blended Component Unit	Nonmajor Governmental Funds	Total Governmental Funds
Vendor payables	$ 869,009	$ 2,055,780	$ 1,284,035	$ 3,940	$ 4,212,764
Pension related payables	1,040,177	2,191	-	2,175	1,044,543
Payroll and related benefits	2,029,528	5,641	-	6,963	2,042,132
Total Accounts Payable	$ 3,938,714	$ 2,063,612	$ 1,284,035	$ 13,078	$ 7,299,439

	Child Care Services Enterprise Fund
Vendor payables	$ 18,277
Pension related payables	24,005
Payroll and related benefits	183,685
Total Accounts Payable	$ 225,967

K. Unearned Revenue

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

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
State Government			
Pre-K Planning Grants	$ 161,027	$ -	$ 161,027
Local Sources			
Del Mar School Foundation	1,300,000	-	1,300,000
Prepaid Lunch Accounts	-	42,103	42,103
Total Unearned Revenue	$ 1,461,027	$ 42,103	$ 1,503,130

	Child Care Services Enterprise Fund
Local Sources	
Prepaid Childcare Fees	$ 192,541
Total Unearned Revenue	$ 192,541

L. Fund Balance Classifications of the Governmental Funds

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

	Major Governmental Funds				
	General Fund	Building Fund	Capital Project Fund for Blended Component Unit	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable Fund Balances					
Revolving Cash	$ 25,000	$ -	$ -		$ 25,000
Prepaid Items	44,491	-	-	6,858	51,349
Total Nonspendable	69,491	-	-	6,858	76,349
Restricted Fund Balances					
Capital Projects	-	75,726,050	17,184,827	1,087,032	93,997,909
Debt Service	-	-	-	5,311,294	5,311,294
Educational Programs	2,226,103	-	-	-	2,226,103
Mental Health	322,672	-	-	-	322,672
Ongoing Major Maintenance	184,170	-	-	-	184,170
Other Purposes	21,153	-	-	-	21,153
Total Restricted	2,754,098	75,726,050	17,184,827	6,398,326	102,063,301
Committed Fund Balances					
Deferred Maintenance	-	-	-	1,624,921	1,624,921
Total Committed	-	-	-	1,624,921	1,624,921
Assigned Fund Balances					
Capital Projects	2,756,200	-	-	6,492,684	9,248,884
Educational Programs	1,502,000	-	-	-	1,502,000
Minimum Reserve Policy	10,595,682	-	-	-	10,595,682
Total Assigned	14,853,882	-	-	6,492,684	21,346,566
Unassigned Fund Balances					
For Economic Uncertainty	2,119,136	-	-	-	2,119,136
Other Unassigned	2,665,273	-	-	(6,547)	2,658,726
Total Unassigned	4,784,409	-	-	(6,547)	4,777,862
Total Fund Balance	$ 22,461,880	$ 75,726,050	$ 17,184,827	$ 14,516,242	$ 129,888,999

M. Short Term Debt Activity

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

N. Long Term Obligations

1. Long-Term Obligation Activity

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

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
General Obligation Bonds					
Principal Balance	$ 50,060,000	$ 64,000,000	$ 5,425,000	$ 108,635,000	$ 960,000
Bond Premium	3,558,873	3,610,195	385,675	6,783,393	68,248
Total General Obligation Bonds	53,618,873	67,610,195	5,810,675	115,418,393	1,028,248
Special Tax Bonds					
Principal Balance	50,642,500	-	1,340,000	49,302,500	1,392,500
Bond Premium	5,492,624	-	136,468	5,356,156	141,559
Total Special Tax Bonds	56,135,124	-	1,476,468	54,658,656	1,534,059
Leases Payable	468,859	1,649,572	332,129	1,786,302	515,524
Net OPEB Liability*	13,812,055	-	5,573,383	8,238,672	-
Net Pension Liability*	67,289,199	-	30,128,157	37,161,042	-
Compensated Absences*	352,346	-	23,040	329,306	329,306
Total Governmental Activities	$ 191,676,456	$ 69,259,767	$ 43,343,852	$ 217,592,371	$ 3,407,137

Business Type Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Net OPEB Liability*	$ 345,265	$ -	$ 156,849	$ 188,416	$ -
Net Pension Liability*	6,066,930	-	3,623,138	2,443,792	-
Compensated Absences*	39,809	-	8,554	31,255	31,255
Total Business Type Activitie:	$ 6,452,004	$ -	$ 3,788,541	$ 2,663,463	$ 31,255

*Other long-term liabilities

- Payments for general obligation bonds are made from the bond interest and redemption fund.
- Payments for special tax bonds are made from the debt service fund for blended component units.
- Payments for leases payable are made from the general fund.
- Payments for pension contributions are made from the general fund and the childcare services enterprise fund.
- Payments for OPEB contributions are made from the general fund and the childcare services enterprise fund.
- Payments for compensated absences are made from the general fund and the childcare services enterprise fund.

2. General Obligation Bonds

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

On November 6, 2018, registered voters authorized the issuance of $186,000,000 principal amount of general obligation bonds. The bonds were authorized to finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities and pay costs of issuance incurred in connection with the issuance of the Bonds. The Bonds represent a general obligation of the District, payable solely from *ad valorem* taxes for the payment of the principal and interest on the Bonds upon all property subject to taxation by the District without limitation of rate or amount (except as to certain personal property which is taxable at limited rates). Of the total amount originally authorized, $66,715,000 remains unissued.

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

	Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue
2018 Election, Series A	10/16/2019	1.50 - 4.00%	8/1/2044	$ 55,285,000
2018 Election, Series B	5/25/2022	4.00 - 5.00%	8/1/2046	64,000,000
Total General Obligation Bonds				$ 119,285,000

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
2018 Election, Series A					
Principal Balance	$ 50,060,000	$ -	$ 5,425,000	$ 44,635,000	$ 960,000
Premium	3,558,873	-	385,675	3,173,198	68,248
2018 Election, Series B					
Principal Balance	-	64,000,000	-	64,000,000	-
Premium	-	3,610,195	-	3,610,195	-
Total General Obligation Bonds	$ 53,618,873	$ 67,610,195	$ 5,810,675	$ 115,418,393	$ 1,028,248

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

Year Ended June 30,	Principal	Interest	Total
2023	$ 960,000	$ 3,347,069	$ 4,307,069
2024	4,605,000	4,110,944	8,715,944
2025	2,415,000	3,946,194	6,361,194
2026	2,645,000	3,825,594	6,470,594
2027	1,045,000	3,740,269	4,785,269
2028-2032	9,175,000	17,711,469	26,886,469
2033-2037	17,770,000	14,790,744	32,560,744
2038-2042	29,335,000	10,238,616	39,573,616
2043-2047	40,685,000	3,955,575	44,640,575
Total	$ 108,635,000	$ 65,666,474	$ 174,301,474

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.

Premiums issued on general obligation bonds resulted in effective interest rates as follows:

	2018 Series A	2018 Series B
Total Interest Payments on Bonds	$ 24,822,440	$ 44,710,700
Less Bond Premium	(3,930,330)	(3,610,195)
Net Interest Payments	20,892,110	41,100,505
Par Amount of Bonds	55,285,000	64,000,000
Periods	25	25
Effective Interest Rate	1.51%	2.57%

3. Special Tax Bonds

On August 30, 2017 the Community Facilities District No. 95-1 of the District issued refunding bonds in order to refund the 2007 special tax bonds issued under the Mello-Roos Community Facilities Act of 1982. The bonds were issued with maturity dates beginning in September 2018 and extending through September 2036 with coupons varying in interest rates from 2.00% to 5.00%. The principal and interest payments will be made from special taxes assessed on the properties located within the Community Facilities District No. 95-1.

On December 3, 2019 the Community Facilities District No. 99-1 of the District issued bonds under the Mello-Roos Community Facilities Act of 1982 in order to refund special tax bonds issued June 7, 2012 and to fund public works projects within the District's boundaries. The bonds were issued with maturity dates beginning September 2020 and extending through September 2049 with coupons varying in yield from 3.00% to 5.00%. The principal and interest payments will be made from special taxes assessed on the properties located within the Community Facilities District No. 99-1.

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

	Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue
2017 CFD 95-1 Special Tax Bonds	8/30/2017	2.00 - 5.00%	9/1/2036	$ 14,660,000
2019 CFD 99-1 Special Tax Bonds	12/3/2019	3.00 - 5.00%	9/1/2049	39,075,000
Total Special Tax Bonds				$ 53,735,000

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
2017 CFD 95-1 Special Tax Bonds					
Principal balance	$ 12,652,500	$ -	$ 620,000	$ 12,032,500	$ 652,500
Premium	1,077,349	-	52,788	1,024,561	55,555
2019 CFD 99-1 Special Tax Bonds					
Principal balance	37,990,000	-	720,000	37,270,000	740,000
Premium	4,415,275	-	83,680	4,331,595	86,004
Total Special Tax Bonds	$ 56,135,124	$ -	$ 1,476,468	$ 54,658,656	$ 1,534,059

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

Year Ended June 30,	Principal	Interest	Total
2023	$ 1,392,500	$ 1,944,988	$ 3,337,488
2024	1,450,000	1,889,350	3,339,350
2025	1,502,500	1,827,550	3,330,050
2026	1,575,000	1,759,138	3,334,138
2027	1,642,500	1,687,488	3,329,988
2028-2032	9,390,000	7,242,188	16,632,188
2033-2037	9,925,000	5,384,138	15,309,138
2038-2042	7,310,000	3,776,800	11,086,800
2043-2047	8,885,000	2,162,500	11,047,500
2048-2052	6,230,000	380,400	6,610,400
Total	$ 49,302,500	$ 28,054,540	$ 77,357,040

Bond Premium/Discount

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.

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

Premiums and discounts issued on special tax bonds resulted in effective interest rates as follows:

	CFD 95-1 2017 Bonds	CFD 99-1 2019 Bonds
Total Interest Payments on Bonds	$ 5,702,600	$ 28,286,646
Less Bond Premium	(1,248,170)	(4,541,376)
Net Interest Payments	4,454,430	23,745,270
Par Amount of Bonds	14,660,000	39,075,000
Periods	19	30
Effective Interest Rate	1.60%	2.03%

4. Leases Payable

On January 7, 2019, the District entered into a lease agreement with Apple Financial to purchase computer equipment. The lease calls for annual payments of $278,665 which includes principal and interest at a rate of 1.97%.

On August 27, 2019, the District entered into a lease agreement with De Lage Landen Public Finance to purchase copy machines. The lease calls for monthly payments of $1,973 for 60 months. The payments include principal and interest at a stated rate of 4.251%.

On November 27, 2019, the District entered into a lease agreement with De Lage Landen Public Finance to purchase copy machines. The lease calls for monthly payments of $254 for 57 months. The payments include principal and interest at a stated rate of 5.85%.

On August 14, 2020, the District entered into a lease agreement with De Lage Landen Public Finance to purchase copy machines. The lease calls for monthly payments of $888 for 48 months. The payments include principal and interest at a stated rate of 3.8%.

On April 15, 2021, the District entered into a lease agreement with De Lage Landen Public Finance to purchase copy machines. The lease calls for monthly payments of $2,351 for 40 months. The payments include principal and interest at a stated rate of 3.8%.

On March 1, 2022, the District entered into a lease agreement with Apple Financial to purchase computer equipment. The lease calls for annual payments of $247,692 for three years, with the first payment on August 1, 2022. The payments include principal and interest at a stated rate of 0.00%.

On March 1, 2022, the District entered into a lease agreement with Apple Financial to purchase computer equipment. The lease calls for annual payments of $167,591 for three years, with the first payment on August 1, 2022. The payments include principal and interest at a stated rate of 0.00%.

On June 1, 2022, the District entered into a lease agreement with Apple Financial to purchase computer equipment. The lease calls for annual payments of $39,008 for four years, with the first payment on August 1, 2022. The payments include principal and interest at a stated rate of 0.00%.

Leases payable activity for the fiscal year ended June 30, 2022, was as follows:

Description	Lease Term	Interest Rate	2021-22 Beginning Lease Liability	Current Year Additions	Current Year Principal Payments	2021-22 Ending Lease Liability
Apple Financial #1	4 Years	1.970%	$ 273,283	$ -	$ 273,283	$ -
De Lage Landen #1	60 Months	5.850%	8,798	-	2,605	6,193
De Lage Landon #2	57 Months	4.251%	70,020	-	21,105	48,915
De Lage Landon #3	48 Months	3.800%	32,012	-	9,316	22,696
De Lage Landon #4	40 Months	3.800%	84,746	-	25,820	58,926
Apple Financial #2	3 Years	0.000%	-	990,767	-	990,767
Apple Financial #3	3 Years	0.000%	-	502,774	-	502,774
Apple Financial #4	5 Years	0.000%	-	156,031		156,031
Total Leases Payable			$ 468,859	$ 1,649,572	$ 332,129	$ 1,786,302

Future payment requirements on capital leases are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	$ 515,524	$ 4,277	$ 519,801
2024	518,052	1,821	519,873
2025	466,026	160	466,186
2026	286,700	-	286,700
Total	$ 1,786,302	$ 6,258	$ 1,792,560

5. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2022, amounted to $329,306. This amount is included as part of long-term liabilities in the government-wide financial statements.

6. Net Pension Liability

The District's beginning net pension liability was $73,356,129 and decreased by $33,751,295 during the year ended June 30, 2022 for a ending net pension liability of $39,604,834. See Note O for additional information regarding the net pension liability.

7. Net OPEB Liability

The District's beginning net OPEB liability was $14,157,320 and decreased by $5,730,232 during the year ended June 30, 2022 for a ending net OPEB liability of $8,427,088. See Note Q for additional information regarding the net OPEB liability.

O. Pension Plans

1. General Information about the Pension Plans

a. Plan Descriptions

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

b. Benefits Paid

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

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

	CalSTRS	
	Before	After
Hire Date	Jan. 1, 2013	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 (2021-22)	10.250%	10.205%
Required Employer Contribution Rates (2021-22)	16.920%	16.920%
Required State Contribution Rates (2021-22)	10.828%	10.828%

*Amounts are limited to 120% of Social Security Wage Base.
**The contribution rate for CalSTRS 2% at 62 members is based, in part, on the normal cost of benefits and may increase or decrease in future years.

	CalPERS	
	Before	After
Hire Date	Jan. 1, 2013	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 (2021-22)	7.000%	7.000%
Required State Contribution Rates (2021-22)	22.910%	22.910%

*Amounts are limited to 120% of Social Security Wage Base
**The rate imposed on CalPERS 2% at 62 members is based on the normal cost of benefits.

c. Contributions

CalSTRS

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

CalPERS

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

On Behalf Payments

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

	CalSTRS		
Year Ended June 30,	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2020	10.328%	$ 3,621,075	$ 986,768
2021	10.328%	3,482,958	2,396,113
2022	10.828%	3,942,055	582,492

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

d. Contributions Recognized

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

	Governmental Fund Financial Statements (Current Financial Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	$ 5,453,438	$ 1,858,658	$ 7,312,096
Contributions - State On Behalf Payments	582,492	-	582,492
Total Governmental Funds	$ 6,035,930	$ 1,858,658	$ 7,894,588

	Enterprise Fund Financial Statements (Economic Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	$ -	$ 357,215	$ 357,215
Contributions - State On Behalf Payments	-	-	-
Total Enterprise Funds	$ -	$ 357,215	$ 357,215

	Government-Wide Financial Statements (Economic Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	$ 5,392,768	$ 1,720,034	$ 7,112,802
Contributions - State On Behalf Payments	3,942,055	-	3,942,055
Total Governmental Activities	9,334,823	1,720,034	11,054,857
Contributions - Employer	-	357,215	357,215
Contributions - State On Behalf Payments	-	-	-
Total Business-Type Activities	-	357,215	357,215
Total Government-Wide	$ 9,334,823	$ 2,077,249	$ 11,412,072

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

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

	Proportionate Share of the Net Pension Liability		
	CalSTRS	CalPERS	Total
Governmental Activities	$ 25,567,772	$ 11,593,270	$ 37,161,042
Business-Type Activities	-	2,443,792	2,443,792
Total	$ 25,567,772	$ 14,037,062	$ 39,604,834

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

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

	CalSTRS			CalPERS
	District's Proportionate Share	State's Proportionate Share*	Total For District Employees	District's Proportionate Share
Governmental Activities				
Proportion June 30, 2021	0.05290%	0.03560%	0.08850%	0.05230%
Proportion June 30, 2022	0.05620%	0.04150%	0.09770%	0.05700%
Change in Proportion	0.00330%	0.00590%	0.00920%	0.00470%
Business-Type Activities				
Proportion June 30, 2021	0.0002%	0.0000%	0.0002%	0.0192%
Proportion June 30, 2022	0.0000%	0.0000%	0.0000%	0.0120%
Change in Proportion	-0.0002%	0.0000%	-0.0002%	-0.0072%

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

a. Pension Expense

	Governmental Activities		
	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	$ (25,668,042)	$ (4,460,115)	$ (30,128,157)
State On Behalf Pension Expense	582,492	-	582,492
Employer Contributions to Pension Expense	5,453,438	1,858,658	7,312,096
Change in Contributions Subsequent to Measurement Date	(60,670)	(138,624)	(199,294)
Change in Other Deferred Outflows/Inflows of Resources	21,933,042	4,145,258	26,078,300
Total Pension Expense - Governmental	$ 2,240,260	$ 1,405,177	$ 3,645,437

	Business-Type Activities		
	CalSTRS	CalPERS	Total
Change in Net Pension Liability (Asset)	$ (188,973)	$ (3,434,165)	$ (3,623,138)
State On Behalf Pension Expense	3,620	-	3,620
Employer Contributions to Pension Expense	15,046	268,190	283,236
Change in Deferred Outflows/Inflows of Resources	(60,063)	(3,186,600)	(3,246,663)
Total Pension Expense - Business-Type	$ (230,370)	$ (6,352,575)	$ (6,582,945)

b. Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources		
	CalSTRS	CalPERS	Total
Governmental Activities			
Pension contributions subsequent to measurement date	$ 5,453,438	$ 1,858,658	$ 7,312,096
Differences between actual and expected experience	50,355	324,313	374,668
Changes in assumptions	2,490,692	-	2,490,692
Changes in employer's proportionate share	2,985,749	1,414,535	4,400,284
Total Governmental Activities	10,980,234	3,597,506	14,577,740
Business-Type Activities			
Pension contributions subsequent to measurement date	15,046	268,190	283,236
Differences between actual and expected experience	381	114,008	114,389
Changes in assumptions	17,344	-	17,344
Changes in employer's proportionate share	6,658	686,839	693,497
Net difference between projected and actual earnings	5,808	-	5,808
Total Business-Type Activities	45,237	1,069,037	1,114,274
Total Deferred Outflows of Resources	$ 11,025,471	$ 4,666,543	$ 15,692,014

	Deferred Inflows of Resources		
	CalSTRS	CalPERS	Total
Governmental Activities			
Differences between actual and expected experience	$ 2,559,351	$ 27,330	$ 2,586,681
Changes in employer's proportionate share	387,113	583,817	970,930
Net difference between projected and actual earnings	20,355,876	4,498,911	24,854,787
Total Governmental Activities	23,302,340	5,110,058	28,412,398
Business-Type Activities			
Differences between actual and expected experience	4,704	5,761	10,465
Changes in employer's proportionate share	257,862	1,796,679	2,054,541
Net difference between projected and actual earnings	-	869,185	869,185
Total Business-Type Activities	262,566	2,671,625	2,934,191
Total Deferred Inflows of Resources	$ 23,564,906	$ 7,781,683	$ 31,346,589

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

Governmental Activities

Year Ended	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Effect
June 30,	CalSTRS	CalPERS	CalSTRS	CalPERS	on Expenses
2023	$ 7,495,312	$ 2,513,883	$ (5,850,061)	$ (1,434,530)	$ 2,724,604
2024	1,881,698	433,030	(5,432,587)	(1,345,433)	(4,463,292)
2025	805,473	362,603	(5,347,596)	(1,092,701)	(5,272,221)
2026	720,033	287,990	(6,058,553)	(1,237,394)	(6,287,924)
2027	77,718	-	(343,140)	-	(265,422)
Thereafter	-	-	(270,403)	-	(270,403)
Total	$ 10,980,234	$ 3,597,506	$ (23,302,340)	$ (5,110,058)	$ (13,834,658)

Business-Type Activities

Year Ended	Deferred Outflows		Deferred Inflows		Net Effect
June 30,	CalSTRS	CalPERS	CalSTRS	CalPERS	on Expenses
2023	$ 27,325	$ 648,646	$ (82,506)	$ (697,060)	$ (103,595)
2024	9,007	323,499	(82,504)	(631,104)	(381,102)
2025	8,189	96,892	(58,427)	(644,534)	(597,880)
2026	239	-	(38,859)	(698,927)	(737,547)
2027	239	-	(270)	-	(31)
Thereafter	238	-	-	-	238
Total	$ 45,237	$ 1,069,037	$ (262,566)	$ (2,671,625)	$ (1,819,917)

c. Actuarial Assumptions

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

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

(1) CalSTRS post-retirement benefit increases assumed at 2% simple (annually) maintaining 85% purchasing power level.

(2) CalSTRS base mortality tables are custom tables derived to best fit the patterns of mortality among CalSTRS members. The projection scale was set to equal 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.

(3) Varies by entry age and service.

(4) CalPERS post retirement benefit increases assumes 2.00% until PPPA floor on purchasing power applies, 2.50% thereafter.

(5) CalPERS mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvement using the Society of Actuaries 90% of scale MP-2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

d. Discount Rate

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

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

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

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

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

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

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

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

CalSTRS

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

*20 year average

CalPERS

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

(1) In the basic financial statements, fixed income is included in global debt securities; liquidity is included in short term investments; inflation assets are included in both global equity securities and global debt securities.
(2) An expected inflation of 2.00% is used for this period.
(3) An expected inflation of 2.92% is used for this period
(4) Figures are based on the previous ALM of 2017

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

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

	CalSTRS		
	Governmental Activities	Business-Type Activities	Total
1% Decrease	6.10%	6.10%	6.10%
Net Pension Liability	$ 52,047,734	$ -	$ 52,047,734
Current Discount Rate	7.10%	7.10%	7.10%
Net Pension Liability	$ 25,567,772	$ -	$ 25,567,772
1% Increase	8.10%	8.10%	8.10%
Net Pension Liability	$ 3,590,719	$ -	$ 3,590,719

	CalPERS		
	Governmental Activities	Business-Type Activities	Total
1% Decrease	6.15%	6.15%	6.15%
Net Pension Liability	$ 19,547,881	$ 4,120,577	$ 23,668,458
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	$ 11,593,270	$ 2,443,792	$ 14,037,062
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	$ 4,989,236	$ 1,051,701	$ 6,040,937

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

CalSTRS Governmental Activities

	Increase (Decrease)				
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	State's Share of Net Pension Liability (c)	District's Share of Net Pension Liability (a) - (b) - (c)
Balance at June 30, 2021					
(Previously Reported)	$ 304,171,007	$ 218,455,564	$ 85,715,443	$ 34,479,629	$ 51,235,814
Changes for the year					
CalSTRS auditor adjustment	-	-	-	-	-
Change in proportionate share	31,905,102	22,914,239	8,990,863	5,779,297	3,211,566
Service cost	7,438,979	-	7,438,979	3,162,253	4,276,726
Interest	23,819,002	-	23,819,002	10,125,275	13,693,727
Difference between expected					
and actual experience	(3,292,423)	-	(3,292,423)	(1,399,584)	(1,892,839)
Change in assumptions	-	-	-	-	-
Change in benefits	-	-	-	-	-
Contributions:					
Employer	-	5,627,332	(5,627,332)	(2,392,136)	(3,235,196)
Employee	-	3,657,441	(3,657,441)	(1,554,750)	(2,102,691)
State on behalf	-	3,646,099	(3,646,099)	(1,549,929)	(2,096,170)
Net investment income	-	65,514,832	(65,514,832)	(27,849,854)	(37,664,978)
Other income	-	88,398	(88,398)	(37,577)	(50,821)
Benefit payments(1)	(16,328,352)	(16,328,352)	-	-	-
Administrative expenses	-	(245,838)	245,838	104,504	141,334
Borrowing costs	-	(87,567)	87,567	37,224	50,343
Other expenses	-	(1,664)	1,664	707	957
Net changes	43,542,308	84,784,920	(41,242,612)	(15,574,570)	(25,668,042)
Balance at June 30, 2022	$ 347,713,315	$ 303,240,484	$ 44,472,831	$ 18,905,059	$ 25,567,772

(1) – Includes refunds of employee contributions

CalSTRS Business Type Activities

	Increase (Decrease)				
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	State's Share of Net Pension Liability (c)	District's Share of Net Pension Liability (a) - (b) - (c)
Balance at June 30, 2021					
(Previously Reported)	$ 1,761,456	$ 1,265,077	$ 496,379	$ 307,406	$ 188,973
Changes for the year					
CalSTRS auditor adjustment	-	-	-	-	-
Change in proportionate share	(1,761,456)	(1,265,077)	(496,379)	(307,406)	(188,973)
Service cost	-	-	-	-	-
Interest	-	-	-	-	-
Difference between expected and actual experience	-	-	-	-	-
Change in assumptions	-	-	-	-	-
Change in benefits	-	-	-	-	-
Contributions:					
Employer	-	-	-	-	-
Employee	-	-	-	-	-
State on behalf	-	-	-	-	-
Net investment income	-	-	-	-	-
Other income	-	-	-	-	-
Benefit payments[1]	-	-	-	-	-
Administrative expenses	-	-	-	-	-
Borrowing costs	-	-	-	-	-
Other expenses	-	-	-	-	-
Net changes	(1,761,456)	(1,265,077)	(496,379)	(307,406)	(188,973)
Balance at June 30, 2022	$ -	$ -	$ -	$ -	$ -

(1) – Includes refunds of employee contributions

CalPERS Governmental Activities

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2021			
(Previously Reported)	$ 53,517,956	$ 37,464,571	$ 16,053,385
Changes for the year			
Change in proportionate share	4,800,455	3,360,498	1,439,957
Service cost	1,338,322	-	1,338,322
Interest	4,114,473	-	4,114,473
Difference between expected and actual experience	(36,440)	-	(36,440)
Change in assumptions	-	-	-
Change in benefits	-	-	-
Contributions:			
Employer	-	1,694,552	(1,694,552)
Employee	-	581,050	(581,050)
Nonemployer	-	-	-
Net plan to plan resource movement	-	-	-
Net investment income	-	9,081,315	(9,081,315)
Benefit payments[1]	(2,812,106)	(2,812,106)	-
Administrative expenses	-	(40,490)	40,490
Other expenses	-	-	-
Net changes	7,404,704	11,864,819	(4,460,115)
Balance at June 30, 2022	$ 60,922,660	$ 49,329,390	$ 11,593,270

(1) – Includes refunds of employee contributions

CalPERS Business Type Activities

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2021			
(Previously Reported)	$ 19,595,633	$ 13,717,676	$ 5,877,957
Changes for the year			
Change in proportionate share	(7,302,460)	(5,111,995)	(2,190,465)
Service cost	282,110	-	282,110
Interest	867,306	-	867,306
Difference between expected and actual experience	(7,681)	-	(7,681)
Change in assumptions	-	-	-
Change in benefits	-	-	-
Contributions:			
Employer	-	357,201	(357,201)
Employee	-	122,482	(122,482)
Nonemployer	-	-	-
Net plan to plan resource movement	-	-	-
Net investment income	-	1,914,287	(1,914,287)
Benefit payments[(1)]	(592,775)	(592,775)	-
Administrative expenses	-	(8,535)	8,535
Other expenses	-	-	-
Net changes	(6,753,500)	(3,319,335)	(3,434,165)
Balance at June 30, 2022	$ 12,842,133	$ 10,398,341	$ 2,443,792

(1) – Includes refunds of employee contributions

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

P. Alternative Pension Plan

The District participates in one alternative pension plan through the Fringe Benefit Consortium (FBC) Deferred Compensation Program. The FBC was formed in October 1982 as part of a Joint Powers Agreement (JPA) of the San Diego County Office of Education. The FBC provides 401(a), 457(b), and 403(b) investment programs. Under these plans, eligible employees will contribute up to $20,500 per year of their salary before taxes. The catch-up contribution limit for those age 50 and over is $6,500. The District does not have any obligation with regards to this voluntary plan offered to employees.

Q. Postemployment Benefits Other than Pension Benefits (OPEB)

1. General Information about the OPEB Plan

Plan Description

The California Public Employees Retirement System (CalPERS) administers the Del Mar Union School District Retiree Benefits Plan (Plan) through the California Employers' Retiree Benefit Trust (CERBT). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible employees.

The Plan provides retiree medical (including prescription drug benefits), dental, and vision benefits to eligible retirees and their eligible dependents until the retiree turns age 65. The District's financial obligation is to provide these benefits at the same cost as active employees. The District's contribution is subject to an annual maximum of $11,000. The annual maximum is subject to periodic changes. Hourly and most part-time employees are not eligible for retiree health benefits.

Plan Eligibility

Eligibility for retiree health coverage requires retirement from CalPERS or CalSTRS on or after age 55 with age plus District years of service greater than or equal to 75. The District does not provide any retiree health benefits after a retiree turns 65. Dependent coverage ceases upon the death of the retiree or when the retiree turns age 65.

Premium Rates

The District currently offers through Self-Insured Schools of California (SISC) a Kaiser HMO Plan, two California Care Plans, an Anthem PPO Plan, an Anthem High Deductible Health Plan, and a Simnsa HMO Plan. The District also offers a Delta Dental Plan and a VSP Vision Plan through the San Diego Fringe Benefits Consortium.

The premiums billed for retiree medical coverage under age 65 are the same as those for active medical coverage. Thus, the District is providing a "rate subsidy" to the retirees based on this blended rate. GASB 75 requires that when an employer provides benefits to both active employees and retirees through the same plan, the benefits to retirees should be segregated and measured independently. This requires valuing any "rate subsidy" as an additional financial obligation to the District.

Employees Covered by Benefit Terms

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

Inactive plan members or beneficiaries currently receiving benefits	16
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	364
	380

2. Net OPEB Liability of the District and the Plan

The District's total OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Fiscal Year	July 1st to June 30th
Measurement Date	June 30, 2022
Funding Policy	Pay-as-you-go
Discount Rate	6.14% per annum
Inflation	2.50% per annum
Salary Increases	2.75% per annum
Healthcare Cost Trend Rates	4.00%
Retiree's Share of Costs	0.00% of projected premiums

The discount rate is based on assumed long-term return on employer assets utilizing the building block method and the crossover test, assuming the District will continue to make pay-as-you-go payments outside of the Trust and contribute $100,000 annually to the Trust.

Mortality rates are based on the 2020 CalSTRS Mortality Tables and the 2017 CalPERS Mortality Table for Miscellaneous and School Employees.

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 of 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 Statement No. 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.

All employees eligible as of the measurement date in accordance with provisions of the Plan were included in the valuation.

Assets of the Plan are valued on a fair market value basis.

Changes in the Net OPEB Liability

Governmental Activities	Increase (Decrease) Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2021	$ 15,287,279	$ 1,475,174	$ 13,812,105
			-
Service Cost	1,022,191	-	1,022,191
Interest	408,914	-	408,914
Changes in Benefit Terms	-	-	-
Experience Differences	116,019	-	116,019
Changes in Assumptions	(6,997,882)	-	(6,997,882)
Change in Proportionate Share	12,175	-	12,175
Contributions - Employer	-	332,756	(332,756)
Net Investment Income	-	(196,666)	196,666
Benefit Payments, Including Refunds	(235,281)	(235,281)	-
Administrative Expenses	-	(1,240)	1,240
Net Changes	(5,673,864)	(100,431)	(5,573,433)
Balance at June 30, 2022	$ 9,613,415	$ 1,374,743	$ 8,238,672

Business Type Activities	Increase (Decrease) Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2021	$ 382,190	$ 36,885	$ 345,305
			-
Service Cost	26,483	-	26,483
Interest	10,594	-	10,594
Changes in Benefit Terms	-	-	-
Experience Differences	3,006	-	3,006
Changes in Assumptions	(181,303)	-	(181,303)
Change in Proportionate Share	(12,175)	-	(12,175)
Contributions - Employer	-	8,621	(8,621)
Net Investment Income	-	(5,095)	5,095
Benefit Payments, Including Refunds	(6,096)	(6,096)	-
Administrative Expenses	-	(32)	32
Net Changes	(159,491)	(2,602)	(156,889)
Balance at June 30, 2022	$ 222,699	$ 34,283	$ 188,416

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

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

	1% Decrease (5.14%)	Current Discount Rate (6.14%)	1% Increase (7.14%)
Net OPEB Liability - Governmental Activities	$ 9,644,732	$ 8,238,672	$ 7,077,616
Net OPEB Liability - Business Type Activities	220,572	188,416	161,863
Total Net OPEB Liability	$ 9,865,304	$ 8,427,088	$ 7,239,479

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

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

	1% Decrease (3.00%)	Current Healthcare Cost Trend Rates (4.00%)	1% Increase (5.00%)
Net OPEB Liability - Governmental Activities	$ 6,781,981	$ 8,238,672	$ 9,895,356
Net OPEB Liability - Business Type Activities	155,102	188,416	226,304
Total Net OPEB Liability	$ 6,937,083	$ 8,427,088	$ 10,121,660

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB Plan's fiduciary net position is available in the fiduciary fund financial statements.

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

For the year ended June 30, 2022, the District recognized OPEB expense of $794,261. At June 30, 2022 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Governmental Activities	Business Type Activities	Total
Experience differences	$ 659,383	$ 26,601	$ 685,984
Changes of assumptions	737,745	34,403	772,148
Change in proportionate share	173,147	9,740	182,887
Earnings differences	129,563	3,786	133,349
Total Deferred Outflows of Resources	$ 1,699,838	$ 74,530	$ 1,774,368

	Deferred Inflows of Resources		
	Governmental Activities	Business Type Activities	Total
Experience differences	$ 1,040,481	$ 33,668	$ 1,074,149
Changes of assumptions	6,369,508	164,988	6,534,496
Change in proportionate share	9,740	173,147	182,887
Total Deferred Inflows of Resources	$ 7,419,729	$ 371,803	$ 7,791,532

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Governmental Activities		
Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Effect on OPEB Expense
2023	$ 314,750	$ (814,113)	$ (499,363)
2024	314,750	(814,113)	(499,363)
2025	305,700	(814,113)	(508,413)
2026	291,686	(814,113)	(522,427)
2027	231,044	(811,678)	(580,634)
Thereafter	241,908	(3,351,599)	(3,109,691)
Total	$ 1,699,838	$ (7,419,729)	$ (5,719,891)

Business Type Activities			
Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Effect on OPEB Expense
2023	$ 13,594	$ (80,124)	$ (66,530)
2024	13,594	(80,124)	(66,530)
2025	13,209	(80,126)	(66,917)
2026	14,293	(22,409)	(8,116)
2027	10,291	(22,409)	(12,118)
Thereafter	9,549	(86,611)	(77,062)
Total	$ 74,530	$ (371,803)	$ (297,273)

Payables to the OPEB Plan

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

R. Risk Management

The District is exposed to risk of losses due to:

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

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

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

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

S. Participation in Joint Powers Authorities

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

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

T. Commitments and Contingencies

1. State and Federal Allowances, Awards, and Grants

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

2. Litigation

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

3. Construction Commitments

As of June 30, 2022, the District had outstanding commitments with respect to unfinished capital projects in the amount of $48,939,037. All commitments for capital projects are related to Measure MM bond program.

	Remaining Commitment	Expected Date of Completion*
Construction in Process:		
Pacific Sky School	$ 556,098	November 2022
Ashley Falls Playground	94,502	September 2022
Carmel Del Mar Playground	98,895	September 2022
Del Mar Heights School Rebuild	46,724,504	To Be Determined
Del Mar Hills Academy Modernization	1,465,038	To Be Determined
Total	$ 48,939,037	

*Expected date of completion is subject to change.

U. Deferred Outflows of Resources

The District issued refunding special tax bonds and as a result of the calculated gain or loss, a loss on refunding was recognized as a deferred outflow of resources. The loss on refunding will be amortized over the life of the refunding bonds.

The District issued special tax bonds which included prepaid debt insurance which has been recorded as a deferred outflow of resources to be amortized over the life of the bonds.

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

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

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

Description	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Refunding Losses	$ 855,593	$ -	$ 51,361	$ 804,232
Prepaid Debt Insurance	476,338	-	13,705	462,633
Pension Related				
CalSTRS	10,075,629	8,665,004	7,760,399	10,980,234
CalPERS	3,065,958	3,298,615	2,767,067	3,597,506
OPEB Related	1,591,435	419,225	310,822	1,699,838
Total Governmental Activities	16,064,953	12,382,844	10,903,354	17,544,443
Business Type Activities:				
Pension Related				
CalSTRS	36,459	15,046	6,268	45,237
CalPERS	1,633,561	268,190	832,714	1,069,037
OPEB Related	65,090	23,036	13,596	74,530
Total Business Type Activities	1,735,110	306,272	852,578	1,188,804
Total Deferred Outflows of Resources	$ 17,800,063	$ 12,689,116	$ 11,755,932	$ 18,733,247

Future amortization of deferred outflows is as follows:

	Governmental Activities				
Year Ended June 30,	Refunding Losses	Prepaid Insurance	Pension Related	OPEB Related	Total
2023	$ 51,362	$ 13,705	$ 7,495,312	$ 314,750	$ 7,875,129
2024	51,362	13,705	4,395,581	314,750	4,775,398
2025	51,362	13,705	1,238,503	305,700	1,609,270
2026	51,362	13,705	1,082,636	291,686	1,439,389
2027	51,362	13,705	365,708	231,044	661,819
Thereafter	547,422	394,108	-	241,908	1,183,438
Total	$ 804,232	$ 462,633	$ 14,577,740	$ 1,699,838	$ 17,544,443

	Business Type Activities		
Year Ended June 30,	Pension Related	OPEB Related	Total
2023	$ 675,971	$ 13,594	$ 689,565
2024	332,506	13,594	346,100
2025	105,081	13,209	118,290
2026	239	14,293	14,532
2027	239	10,291	10,530
Thereafter	238	9,549	9,787
Total	$ 1,114,274	$ 74,530	$ 1,188,804

V. Deferred Inflows of Resources

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

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

In accordance with GASB Statement No. 87 leases receivable are deferred and amortized straight line over the life of the lease as deferred inflows of resources.

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

Description	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Pension Related				
CalSTRS	$ 525,363	$ 29,778,644	$ 7,001,667	$ 23,302,340
CalPERS	571,876	6,223,418	1,685,236	5,110,058
OPEB Related	1,223,768	7,010,075	814,114	7,419,729
Deferred lease receivable	-	702,262	48,522	653,740
Total Governmental Activities	2,321,007	43,714,399	9,549,539	36,485,867
Business Type Activities:				
Pension Related				
CalSTRS	156,110	188,973	82,517	262,566
CalPERS	49,549	3,502,324	880,248	2,671,625
OPEB Related	270,642	181,285	80,124	371,803
Total Business Type Activities	476,301	3,872,582	1,042,889	3,305,994
Total Deferred Outflows of Resources	$ 2,797,308	$ 47,586,981	$ 10,592,428	$ 39,791,861

Future amortization of deferred inflows is as follows:

	Governmental Activities			
Year Ended June 30,	Pension Related	OPEB Related	Deferred Lease	Total
2023	$ 5,850,061	$ 814,113	$ 48,522	$ 6,712,696
2024	6,867,117	814,113	48,522	7,729,752
2025	6,693,029	814,113	48,522	7,555,664
2026	7,151,254	814,113	48,522	8,013,889
2027	1,580,534	811,678	48,522	2,440,734
Thereafter	270,403	3,351,599	411,130	4,033,132
Total	$ 28,412,398	$ 7,419,729	$ 653,740	$ 36,485,867

	Business Type Activities		
Year Ended June 30,	Pension Related	OPEB Related	Total
2023	$ 779,566	$ 80,124	$ 859,690
2024	713,608	80,124	793,732
2025	702,961	80,126	783,087
2026	737,786	22,409	760,195
2027	270	22,409	22,679
Thereafter	-	86,611	86,611
Total	$ 2,934,191	$ 371,803	$ 3,305,994

W. Upcoming Accounting Guidance

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

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

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

X. Subsequent Event

September 1, 2022 the District paid early calls on the Community Facilities District No. 99-1 Series 2019 Special Tax Refunding Bonds in the amount of $135,000. The early calls were in accordance with the terms of the trust agreement with U.S. Bank Trust Company.

Required Supplementary Information

Del Mar Union School District

Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2022

	Budgeted Amounts			Variance to Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
LCFF Sources				
State Apportionment	$ 1,170,350	$ 1,170,350	$ 1,170,350	$ -
Education Protection Account	802,600	802,600	801,834	(766)
Property Taxes	54,417,151	54,658,737	54,630,115	(28,622)
Federal Revenue	1,309,201	2,562,343	2,523,731	(38,612)
Other State Revenue	6,581,923	7,145,676	7,983,066	837,390
Investment Income	180,000	180,000	(452,122)	(632,122)
Other Local Revenue	3,463,866	4,073,773	4,242,616	168,843
Total Revenues	67,925,091	70,593,479	70,899,590	306,111
Expenditures				
Current Expenditures:				
Certificated Salaries	32,238,012	33,136,466	32,621,280	515,186
Classified Salaries	8,875,560	8,919,633	8,736,431	183,202
Employee Benefits	17,483,834	16,851,640	17,291,777	(440,137)
Books and Supplies	1,939,118	2,233,022	1,938,440	294,582
Services and Other Operating	5,621,390	7,175,073	6,630,792	544,281
Other Outgo	20,000	-	-	-
Capital Outlay	-	75,000	1,724,956	(1,649,956)
Debt Service				
Principal	341,794	341,794	332,129	9,665
Interest	5,383	5,383	12,119	(6,736)
Total Expenditures	66,525,091	68,738,011	69,287,924	(549,913)
Excess (Deficiency) of Revenues Over Expenditures	1,400,000	1,855,468	1,611,666	(243,802)
Other Financing Sources (Uses)				
Interfund Transfers Out	(1,400,000)	(1,400,000)	(1,349,954)	50,046
Proceeds from leases	-	-	1,649,572	1,649,572
Net Financing Sources (Uses)	(1,400,000)	(1,400,000)	299,618	1,699,618
Net Change in Fund Balance	-	455,468	1,911,284	1,455,816
Fund Balance - Beginning of Year	17,794,396	17,794,396	17,794,396	-
Fund Balance - End of Year	$ 17,794,396	$ 18,249,864	$ 19,705,680	$ 1,455,816

See Accompanying Notes to Required Supplementary Information

Del Mar Union School District

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

Last Ten Fiscal Years*

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.0562%	0.0531%	0.0527%	0.0539%	0.0530%	0.0512%	0.0542%	0.0522%	N/A	N/A
District's proportionate share of the net pension liability (asset)	$ 25,567,772	$ 51,424,787	$ 47,597,365	$ 49,523,165	$ 48,997,884	$ 41,411,776	$ 36,459,211	$ 30,524,550	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	18,905,061	34,479,629	27,669,694	28,636,508	28,636,508	25,447,653	19,718,501	16,850,259	N/A	N/A
Total	$ 44,472,833	$ 85,904,416	$ 75,267,059	$ 78,159,673	$ 77,634,392	$ 66,859,429	$ 56,177,712	$ 47,374,809	N/A	N/A
District's covered payroll**	33,011,437	32,666,930	28,318,219	28,385,842	27,803,148	25,125,079	24,745,763	22,885,964	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	77.45%	157.42%	168.08%	174.46%	176.23%	164.82%	147.34%	133.38%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	79.33%	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%	76.52%	N/A	N/A

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

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

Del Mar Union School District

Schedule of the District's Contributions - CalSTRS

Last Ten Fiscal Years*

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 5,453,438	$ 5,331,347	$ 5,586,045	$ 4,610,206	$ 4,129,320	$ 3,524,138	$ 2,729,535	$ 2,222,307	N/A	N/A
Contributions in relation to the contractually required contribution	(5,453,438)	(5,331,347)	(5,586,045)	(4,610,206)	(4,129,320)	(3,524,138)	(2,729,535)	(2,222,307)	N/A	N/A
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	N/A	N/A
District's covered payroll**	$ 32,230,721	$ 33,011,437	$ 32,666,930	$ 28,318,219	$ 28,385,842	$ 27,803,148	$ 25,125,079	$ 24,745,763	N/A	N/A
Contributions as a percentage of covered payroll	16.92%	16.15%	17.10%	16.28%	14.55%	12.68%	10.86%	8.98%	N/A	N/A

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

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

Del Mar Union School District

Schedule of the District's Proportionate Share of the Net Pension Liability – CalPERS
Last Ten Fiscal Years*

	Fiscal Year 2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.0690%	0.0715%	0.0687%	0.0704%	0.0701%	0.0731%	0.0697%	0.0709%	N/A	N/A
District's proportionate share of the net pension liability (asset)	$ 14,037,062	$ 21,931,342	$ 20,013,358	$ 18,762,857	$ 16,740,449	$ 14,430,024	$ 10,273,359	$ 8,049,024	N/A	N/A
District's covered payroll**	$ 9,911,966	$ 10,388,053	$ 9,610,215	$ 9,382,821	$ 9,006,445	$ 8,847,708	$ 7,750,726	$ 5,792,973	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	141.62%	211.12%	208.25%	199.97%	185.87%	163.09%	132.55%	138.94%	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	80.97%	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%	83.38%	N/A	N/A

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

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

Del Mar Union School District

Schedule of the District's Contributions - CalPERS

Last Ten Fiscal Years*

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 2,126,848	$ 2,051,777	$ 2,048,628	$ 1,735,797	$ 1,457,246	$ 1,250,815	$ 1,048,188	$ 912,338	N/A	N/A
Contributions in relation to the contractually required contribution	(2,126,848)	(2,051,777)	(2,048,628)	(1,735,797)	(1,457,246)	(1,250,815)	(1,048,188)	(912,338)	N/A	N/A
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	N/A	N/A
District's covered payroll**	$ 9,283,492	$ 9,911,966	$ 10,388,053	$ 9,610,215	$ 9,382,821	$ 9,006,445	$ 8,847,708	$ 7,750,726	N/A	N/A
Contributions as a percentage of covered payroll	22.910%	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%	N/A	N/A

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

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

Del Mar Union School District

Schedule of Changes in the District's Net OPEB Liability and Related Ratios – DMUSD Retiree Health Benefit Plan
Last Ten Fiscal Years*

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total OPEB liability:										
Service cost	$ 1,048,674	$ 958,817	$ 779,577	$ 750,495	$ 701,951	N/A	N/A	N/A	N/A	N/A
Interest	419,508	427,942	430,732	433,844	368,638	N/A	N/A	N/A	N/A	N/A
Changes of benefit terms	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A
Experience differences	119,025	(1,087,796)	866,973	(410,554)	-	N/A	N/A	N/A	N/A	N/A
Changes of assumptions	(7,179,185)	(25,779)	920,121	285,723	-	N/A	N/A	N/A	N/A	N/A
Benefit payments	(241,377)	(333,380)	(237,845)	(198,030)	(147,494)	N/A	N/A	N/A	N/A	N/A
Net change in total OPEB liability	(5,833,355)	(60,196)	2,759,558	861,478	923,095	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	15,669,469	15,729,665	12,970,107	12,108,629	11,185,534	N/A	N/A	N/A	N/A	N/A
Total OPEB liability - ending	$ 9,836,114	$ 15,669,469	$ 15,729,665	$ 12,970,107	$ 12,108,629	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position:										
Contributions - employer	$ 341,377	$ 433,380	$ 837,845	$ 698,030	$ -	N/A	N/A	N/A	N/A	N/A
Contributions - employee	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A
Net investment income	(201,761)	304,926	8,804	-	-	N/A	N/A	N/A	N/A	N/A
Benefit payments	(241,377)	(333,380)	(237,845)	(198,030)	-	N/A	N/A	N/A	N/A	N/A
Administrative expenses	(1,272)	(1,080)	(591)	-	-	N/A	N/A	N/A	N/A	N/A
Other expenses	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A
Net change in plan fiduciary net position	(103,033)	403,846	608,213	500,000	-	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position - beginning	1,512,059	1,108,213	500,000	-	-	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position - ending	$ 1,409,026	$ 1,512,059	$ 1,108,213	$ 500,000	$ -	N/A	N/A	N/A	N/A	N/A
Net OPEB liability	$ 8,427,088	$ 14,157,410	$ 14,621,452	$ 12,470,107	$ 12,108,629	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of total OPEB liability	14.33%	9.65%	7.05%	3.86%	0.00%					
Covered payroll	43,219,434	36,473,748	35,411,406	31,724,000	31,724,000	N/A	N/A	N/A	N/A	N/A
Net OPEB liability as a percentage of covered payroll	19.50%	38.82%	41.29%	39.31%	38.17%	N/A	N/A	N/A	N/A	N/A

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

Del Mar Union School District

Schedule of District Contributions – DMUSD Retiree Health Benefit Plan
Last Ten Fiscal Years*

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarial determined contributions (ADC)**	$ -	$ 1,362,107	$ 1,176,253	$ -	$ -	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the ADC	(341,377)	(433,380)	(837,845)	(698,030)	(147,494)	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	$ (341,377)	$ 928,727	$ 338,408	$ (698,030)	$ (147,494)	N/A	N/A	N/A	N/A	N/A
District's covered payroll	43,219,434	36,473,748	35,411,406	31,724,000	31,724,000	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	0.790%	1.188%	2.366%	2.200%	0.465%	N/A	N/A	N/A	N/A	N/A

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

**The District obtained ADC for fiscal years ended June 30, 2020 and June 30, 2021 but did not obtain ADC for other years presented.

Budgetary Comparison Schedule – General Fund

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

General Fund - Basic Financial Statements Ending Fund Balance	$ 22,461,880
Less Fund 17 Fund Balance	(2,756,200)
General Fund - Budgetary Comparison Schedule Ending Fund Balance	$ 19,705,680
General Fund - Basic Financial Statements Net Change in Fund Balance	$ 3,146,397
Less Fund 17 Net Change in Fund Balance	(1,235,113)
General Fund - Budgetary Comparison Schedule Net Change in Fund Balance	$ 1,911,284

Excess of Expenditures Over Appropriations

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

Appropriations Category	Excess Expenditures	Reason for Excess Expenditures
General Fund:		
Employee Benefits	$ 440,137	The District unerestimated the costs of employee benefits.
Capital Outlay	1,649,956	The District did not budget for right of use assets recorded based on the provisions of GASB 87.
Debt Service - Interest	6,736	The District underestimated interest expense associated with leases payable.

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

Schedule of District's Proportionate Share – CalSTRS

1. Benefit Changes: There were no changes to benefits during the periods being reported.

2. Changes in Assumptions: Assumptions used in determining the total pension liability of the CalSTRS Plan changed due to actuarial experience studies. Changes in assumptions effective in fiscal year 2020-21 (measured as of June 30, 2020) were to termination rates and service retirement rates based on the experience study for the period July 1, 2015, through June 30, 2018. Changes in assumptions effective in fiscal year 2017-18 (measured as of June 30, 2017) were to price inflation, wage growth, discount rate and mortality tables based on the experience study for the period July 1, 2010, through June 30, 2015.

Schedule of District's Contributions – CalSTRS

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

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

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

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

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

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

Schedule of District's Proportionate Share – CalPERS

1. Benefit Changes: There were no changes to benefits during the periods being reported.

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

Schedule of District's Contributions – CalPERS

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

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

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

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

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: Assumptions were updated based on changes in the discount rate and updated experience studies provided by CalSTRS and CalPERS.

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

Year	Discount Rate
2018	3.40%
2019	3.16%
2020	2.59%
2021	2.61%
2022	6.14%

Additional information can be obtained by requesting a copy of the OPEB Valuation from the District.

Schedule of District's Contributions to OPEB Plan

The District is funding OPEB contributions on a pay-as-you-go basis plus an amount determined by the board based on budgetary considerations through the OPEB Trust administered by CalPERS.

Combining Statements as Supplementary Information

Del Mar Union School District

Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2022

	Special Revenue Funds		Capital Projects Funds			Debt Service Funds		
	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Nonmajor Governmental Funds
Assets								
Cash and Cash Equivalents	$ 22,620	$ 1,621,731	$ 1,072,953	$ 263,109	$ 6,214,820	$ 5,311,294	$ -	$ 14,506,527
Accounts Receivable	50,157	3,190	14,981	594	14,161	-	-	83,083
Due from Other Funds	-	-	-	-	263,703	-	-	263,703
Prepaid Expenditures	6,858	-	-	-	-	-	-	6,858
Lease Receivable	-	-	-	-	-	-	-	-
Total Assets	$ 79,635	$ 1,624,921	$ 1,087,934	$ 263,703	$ 6,492,684	$ 5,311,294	$ -	$ 14,860,171
Liabilities, Deferred Inflows, and Fund Balance								
Liabilities:								
Accounts Payable	$ 12,176	$ -	$ 902	$ -	$ -	$ -	$ -	$ 13,078
Due to Other Funds	25,045	-	-	263,703	-	-	-	288,748
Unearned Revenue	42,103	-	-	-	-	-	-	42,103
Total Liabilities	79,324	-	902	263,703	-	-	-	343,929
Deferred Inflows of Resources:								
Deferred Lease Revenue	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	-	-
Fund Balance:								
Nonspendable Fund Balances	6,858	-	-	-	-	-	-	6,858
Restricted Fund Balances	-	-	1,087,032	-	-	5,311,294	-	6,398,326
Committed Fund Balances	-	1,624,921	-	-	-	-	-	1,624,921
Assigned Fund Balances	-	-	-	-	6,492,684	-	-	6,492,684
Unassigned Fund Balances	(6,547)	-	-	-	-	-	-	(6,547)
Total Fund Balance	311	1,624,921	1,087,032	-	6,492,684	5,311,294	-	14,516,242
Total Liabilities, Deferred Inflows, and Fund Balance	$ 79,635	$ 1,624,921	$ 1,087,934	$ 263,703	$ 6,492,684	$ 5,311,294	$ -	$ 14,860,171

Del Mar Union School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds
June 30, 2022

	Special Revenue Funds		Capital Projects Funds			Debt Service Funds		
	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Nonmajor Governmental Funds
Revenues								
Local Property Taxes	$ -	$ 273,308	$ -	$ -	$ -	$ 1,620,771	$ -	$ 1,894,079
Federal Revenue	201,177	-	-	-	-	-	-	201,177
Other State Revenue	9,434	-	-	262,577	-	-	-	272,011
Interest & Investment Income/(Loss)	(181)	(36,841)	(24,148)	1,126	(141,434)	22,284	-	(179,194)
Other Local Revenue	633,436	-	264,356	-	309,555	74	-	1,207,421
Total Revenues	843,866	236,467	240,208	263,703	168,121	1,643,129	-	3,395,494
Expenditures								
Current Expenditures:								
Pupil Services	893,820	-	-	-	-	-	-	893,820
General Administration	-	-	6,279	-	-	-	-	6,279
Plant Services	-	-	-	-	183,014	-	-	183,014
Capital Outlay	-	-	-	-	254,679	-	-	254,679
Debt Service:								
Principal	-	-	-	-	-	5,425,000	1,340,000	6,765,000
Interest	-	-	-	-	-	1,553,919	2,005,825	3,559,744
Total Expenditures	893,820	-	6,279	-	437,693	6,978,919	3,345,825	11,662,536
Excess (Deficiency) of Revenues Over (Under) Expenditures	(49,954)	236,467	233,929	263,703	(269,572)	(5,335,790)	(3,345,825)	(8,267,042)
Other Financing Sources (Uses):								
Transfers In	49,954	-	-	-	263,703	-	3,345,825	3,659,482
Transfers Out	-	-	-	(263,703)	-	-	-	(263,703)
Proceeds from Sale of Bonds	-	-	-	-	-	3,461,075	-	3,461,075
Total Other Financing Sources (Uses)	49,954	-	-	(263,703)	263,703	3,461,075	3,345,825	6,856,854
Net Change in Fund Balance	-	236,467	233,929	-	(5,869)	(1,874,715)	-	(1,410,188)
Fund Balance, Beginning of Year	311	1,388,454	853,103	-	6,498,553	7,186,009	-	15,926,430
Fund Balance, End of Year	$ 311	$ 1,624,921	$ 1,087,032	$ -	$ 6,492,684	$ 5,311,294	$ -	$ 14,516,242

Other Supplementary Information

The Del Mar Union School District was established in 1906 and became a Union District in 1949. There were no changes in the boundaries of the district during the current fiscal year. The district is currently operating eight elementary schools.

GOVERNING BOARD

Name	Office	Term and Term Expiration
Erica Halpern	President	Four Year Term Expires December 2024
Gee Wah Mok, Esq.	Clerk	Four Year Term Expires December 2024
Katherine Fitzpatrick	Member	Four Year Term Expires December 2022
Doug Rafner, Esq.	Member	Four Year Term Expires December 2022
Scott Wooden, Ph.D.	Member	Four Year Term Expires December 2022

ADMINISTRATION

Holly McClurg, Ph.D.
Superintendent

Shelley Peterson
Assistant Superintendent
Instructional Services

Ryan Stanley
Assistant Superintendent
Human Resources

Christopher Delehanty
Assistant Superintendent
Business Services

Del Mar Union School District

Schedule of Average Daily Attendance
Year Ended June 30, 2022

	Second Period Report		Annual Report	
	Original BA371053	Revised	Revised 564B416F	Revised
Grades TK/K-3:				
Regular ADA	1,937.64	N/A	1,928.09	N/A
Extended Year Special Education	2.26	N/A	2.26	N/A
Total Grades TK/K-3	1,939.90	N/A	1,930.35	N/A
Grades 4-6:				
Regular ADA	1,707.76	N/A	1,698.98	N/A
Extended Year Special Education	0.61	N/A	0.61	N/A
Nonpublic, Nonsectarian Schools	0.43	N/A	0.29	N/A
Extended Year - Nonpublic	0.17	N/A	0.17	N/A
Total Grades 4-6	1,708.97	N/A	1,700.05	N/A
Total ADA	3,648.87	N/A	3,630.40	N/A

N/A – There were no audit findings which resulted in revisions to average daily attendance (ADA).

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

Del Mar Union School District

Schedule of Instructional Time
Year Ended June 30, 2022

Grade Level	Annual Minutes Requirement	Actual Minutes Offered	J-13A Minutes	Total Minutes	Number of Actual Days Offered (Traditional)	J-13A Days	Total Instructional Days	Status
Transitional Kindergarten	36,000	54,740	0	54,740	180	0	180	Complied
Kindergarten	36,000	54,740	0	54,740	180	0	180	Complied
1st Grade	50,400	54,570	0	54,570	180	0	180	Complied
2nd Grade	50,400	54,570	0	54,570	180	0	180	Complied
3rd Grade	50,400	54,570	0	54,570	180	0	180	Complied
4th Grade	54,000	54,570	0	54,570	180	0	180	Complied
5th Grade	54,000	54,570	0	54,570	180	0	180	Complied
6th Grade	54,000	54,570	0	54,570	180	0	180	Complied

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

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

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

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

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

Del Mar Union School District

Schedule of Financial Trends and Analysis
Year Ended June 30, 2022

General Fund	Budget 2023 (See Note 1)	2022	2021	2020
Revenues and Other Financing Sources	$ 70,985,999	$ 72,549,162	$ 72,277,532	$ 65,072,766
Expenditures and Other Financing Uses	70,905,831	70,637,878	69,673,228	63,804,115
Net Change in Fund Balance	80,168	1,911,284	2,604,304	1,268,651
Ending Fund Balance	$ 19,785,848	$ 19,705,680	$ 17,794,396	$ 15,190,092
Available Reserves (See Note 2)	$ 17,704,250	$ 16,882,091	$ 16,358,290	$ 14,681,830
Available Reserves as a Percentage of Total Outgo	24.97%	23.90%	23.48%	23.01%
Long Term Debt (See Note 3)	$ 168,785,520	$ 171,863,351	$ 110,222,856	$ 117,850,025
Average Daily Attendance at P2	3,677	3,649	N/A	4,013

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

The general fund balance has increased by $4,515,588 (29.73%) over the past two years. The fiscal year 2022-23 budget projects an increase of $80,168 (0.41%). For a district of this size, the State recommends available reserves of 3% of total general fund expenditures and other financing uses (total outgo).

Total long-term debt has increased by $54,013,326 over the past two years.

ADA has decreased by 364 as compared to 2019-20. As a result of the COVID-19 pandemic there was no attendance reporting for the 2020-21 fiscal year. Each LEA was funded based on the 2019-20 average daily attendance (ADA) reported.

Notes:

1. Budget 2023 is included for analytical purposes only and has not been subjected to audit.
2. Available reserves consist of all assigned and unassigned fund balances contained within the general fund.
3. Long Term Debt consists of general obligation bonds, special tax bonds, and leases payable.
4. GASB Statement No. 54 requires the inclusion of the Special Reserve Fund for Other Than Capital Outlay (Fund 17) with the General Fund for reporting purposes only. This schedule has been prepared without the inclusion of Fund 17.

Del Mar Union School District

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

	General Fund (Fund 01)	Special Reserve Fund for Other Than Capital Outlay (Fund 17)
June 30, 2022, annual financial and budget report fund balances	$ 19,705,680	$ 2,756,200
Adjustments and reclassifications:		
Increasing (decreasing) the fund balance:		
GASB 54 Fund Presentation	2,756,200	(2,756,200)
Net adjustments and reclassifications	2,756,200	(2,756,200)
June 30, 2022, audited financial statement fund balances	$ 22,461,880	$ -

	Child Care Services Enterprise Fund (Fund 63)
June 30, 2022, annual financial and budget report net position	$ (2,883,402)
Adjustments and reclassifications:	
Increasing (decreasing) the net position:	
Adjustments for current year activity with capital assets	(28,094)
Adjustments for current year activity with net pension liability	376,474
Adjustments for current year activity with net OPEB liability	61,210
Net adjustments and reclassifications	409,590
June 30, 2022, audited financial statement net position	$ (2,473,812)

Note 1: The Special Reserve Fund for Other Than Capital Outlay (Fund 17) does not meet the definition of a special revenue fund under the provisions of GASB Statement No. 54. As a result, the fund is being combined with the General Fund for presentation in the basic financial statements.

Note 2: The final actuarial information necessary to report accurate OPEB liability and related deferred outflows and deferred inflows of resources was not available at the time the District closed the books. The information became available after the close of the books and the Childcare Services Enterprise Fund has been adjusted to reflect the most current information available. In addition, the fund has been adjusted to reflect current year activity related to net pension liabilities and capital assets.

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

The Del Mar Union School District has not authorized any charter schools.

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

Del Mar Union School District

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Subrecipient Expenditures	Total Federal Expenditures
CHILD NUTRITION CLUSTER:				
U.S. Department of Agriculture				
Passed through California Department of Education				
National School Lunch Program	10.555	13523	$ -	$ 200,563
Total Child Nutrition Cluster			-	200,563
SPECIAL EDUCATION (IDEA) CLUSTER:				
U.S. Department of Education				
Passed through California Department of Education				
IDEA Basic Local Assistance	84.027	13379	-	707,433
IDEA Local Assistance - Private Schools	84.027	10015	-	14,444
IDEA Local Assistance - Private School ISPs	84.027	10169	-	3,071
IDEA Assistance Entitlement	84.027	15638	-	150,406
IDEA Mental Health	84.027	13430	-	46,960
IDEA Preschool (Ages 3-5)	84.173	13430	-	29,363
IDEA Preschool Grants	84.173	15639	-	17,027
IDEA Preschool Staff Development	84.173	13431	-	326
Total Special Education (IDEA) Cluster			-	969,030
OTHER PROGRAMS:				
U.S. Department of Agriculture				
Passed through California Department of Education				
Pandemic Electronic Benefit Transfer	10.649	15644	-	614
U.S. Department of Education				
Passed through California Department of Education				
Title I	84.010	14329	-	203,428
Title III English Learner Student Program	84.365	14346	-	69,681
Title II Supporting Effective Instruction	84.367	14341	-	66,834
Title IV Student Support & Academic Enrichment	84.424	15396	-	18,304
Elementary & Secondary School Emergency Relief	84.425D	15536	-	10
Elementary & Secondary School Emergency Relief II	84.425D	15547	-	(764)
Elementary & Secondary School Emergency Relief III	84.425D	15559	-	4,090
Elementary & Secondary School Emergency Relief III - Learning Loss	84.425U	10155	-	145,557
Expanded Learning Opportunities - ESSER II State Reserve	84.425	15618	-	348,591
Expanded Learning Opportunities - GEER II	84.425	15919	-	80,005
Expanded Learning Opportunities - ESSER III Emergency Needs	84.425	15620	-	227,241
Expanded Learning Opportunities - ESSER III Learning Loss	84.425	15621	-	391,724
Total Other Programs			-	1,555,315
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ -	$ 2,724,908

See accompanying notes to schedule of expenditures of federal awards.

Basis of Presentation

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

Summary of Significant Accounting Policies

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

Indirect Cost Rate

Indirect costs were calculated in accordance with 2 CFR §200.412 *Direct and Indirect Costs.* The District used an indirect cost rate of 7.99% based on the rate approved by the California Department of Education for each program which did not have a pre-defined allowable indirect cost rate. The District did not elect to use the 10% de minimis cost rate as covered in 2 CFR §200.414 *Indirect Costs.* The District did not charge any indirect costs to pandemic emergency relief funds or child nutrition program.

Schoolwide Programs

The District does not operate a school-wide program at any school site.

Personal Protective Equipment (PPE), (Unaudited)

As a result of the COVID-19 Pandemic the District received personal protective equipment (PPE) valued at $55,000 from the federal government.

Reconciliation of Revenues

There are no differences between amounts reported as federal revenues and federal expenditures.

Other Independent Auditors’ Reports

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

To the Board of Education
Del Mar Union School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Del Mar Union School District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 14, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 or significant deficiencies. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Wilkinson Hadley King + Co LLP

El Cajon, California
December 14, 2022

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

To the Board of Education
Del Mar Union School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Wilkinson Hadley King + Co LLP

El Cajon, California
December 14, 2022

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

To the Board of Education
Del Mar Union School District

Report on Compliance for Applicable State Programs

Opinion on Each Applicable State Program

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

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

Basis for Opinion on Each Applicable State Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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

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

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

We did not perform procedures for independent study because the ADA reported was below the level which required testing.

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

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

Report on Internal Control over State Compliance

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

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

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

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

Wilkinson Hadley King + Co LLP

El Cajon, California
December 14, 2022

Auditor’s Results, Findings & Recommendations

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major programs:		
One or more material weakness(es) identified?	____ Yes	X No
One or more significant deficiencies identified that are not considered material weakness(es)?	____ Yes	X No
Type of auditor's report issued on compliance for major programs:	Unmodified	
Compliance supplement utilized for single audit	July 2022	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)?	____ Yes	X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.555	Child Nutrition Cluster
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs	$750,000	
Auditee qualified as low-risk auditee?	X Yes	____ No

STATE AWARDS

Type of auditor's report issued on compliance for state programs:	Unmodified	
Internal control over applicable state programs:		
One or more material weakness(es) identified?	___ Yes	X No
One or more significant deficiencies identified that are not considered material weakness(es)?	___ Yes	X No
Any audit findings disclosed that are required to be reported in accordance with *2021-22 Guide for Annual Audits of California K-12 Local Education Agencies?*	___ Yes	X No

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

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

A. Financial Statement Findings

None

B. Federal Awards

None

C. State Award Findings

None

Finding/Recommendation	Status	Explanation if Not Implemented

There were no audit findings reported for the fiscal year ended June 30, 2021.