SAN DIEGO UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2022

SAN DIEGO UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2022

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SAN DIEGO UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Audit Committee and Board of Education
San Diego Unified School District
San Diego, California

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying 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 San Diego Unified School 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (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 San Diego Unified School 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about San Diego Unified School 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.

(Continued)

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 GAAS 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS 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 San Diego Unified School 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 San Diego Unified School 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 on pages 4 to 12 and the General Fund Budgetary Comparison Schedule, the Schedule of Changes in the District's Total Other Postemployment Benefits (OPEB) Liability, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 80 to 85 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

(Continued)

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise San Diego Unified School District's 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* and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and, except for that portion marked "unaudited," was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2022 on our consideration of San Diego Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of San Diego Unified School 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 San Diego Unified School District's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Sacramento, California
December 6, 2022

SAN DIEGO UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

Management's discussion and analysis of San Diego Unified School District's (District) financial performance provides an overview of the District's financial activities for the school year ended June 30, 2022. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total net position for the year ending June 30, 2022 was $344.77 million, compared to ($38.80) million for the year ending June 30, 2021. The change in total net position is due to an increase in federal and state funding to address the impacts of COVID-19, the implementation of GASB Statement No.87 which required recognition of leased assets and receivables, and an increase to capital assets as construction projects were completed, providing a positive change to total net position of $383.57 million.

- Overall revenues were $2,349.00 million, which was greater than expenses of $1,965.43 million.

This annual report consists of the following parts – Management's Discussion and Analysis, the basic financial statements, required supplementary information, supplementary information, findings, and recommendations. These sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.

- **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.

    - **Governmental Funds** provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

    - **Proprietary Funds** report services for which the District charges customer a fee. Like the government-wide statements, they provide both long- and short-term financial information.

    - **Fiduciary Funds** report balances for which the District is a custodian or *trustee* of the funds.

The financial statements also include notes that explain some of the information in the statements and provide data that are more detailed. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how has changed. Net position is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include only governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. LCFF funding, federal and state grants finance most of these activities.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was $344.77 million at June 30, 2022, as reflected in the table below. Of this amount, ($1,750.77) million was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that new position for day-to-day operations.

	Governmental Activities		
	2022	**2021**	**Net Change**
Assets			
Current and other assets	$ 2,435,761,602	$ 2,215,302,996	$ 220,458,606
Capital assets	5,244,572,531	4,773,348,550	471,223,981
Total Assets	7,680,334,133	6,988,651,546	691,682,587
DEFERRED OUTFLOWS OF RESOURCES	372,358,002	419,785,850	(47,427,848)
LIABILITIES			
Current liabilities	365,387,468	309,132,238	56,255,230
Long-term liabilities	6,573,995,143	7,022,334,685	(448,339,542)
Total Liabilities	6,939,382,611	7,331,466,923	(392,084,312)
DEFERRED INFLOWS OF RESOURCES	768,542,970	115,773,596	652,769,374
NET POSITION			
Net investment in capital assets	1,180,840,364	1,025,541,927	155,298,437
Restricted	914,695,528	795,104,272	119,591,256
Unrestricted	(1,750,769,338)	(1,859,449,322)	108,679,984
Total Net Position	$ 344,766,554	$ (38,803,123)	$ 383,569,677

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The table below takes the information from the Statement and rearranges them slightly, so you can see our total revenues, expenses, and special items for the year.

	Governmental Activities		
REVENUES	2022	2021	Net Change
Program revenues			
Charges for services	$ 34,266,377	$ 16,989,518	$ 17,276,859
Operating grants and contributions	677,712,834	514,002,640	163,710,194
Capital grants and contributions	11,010,167	2,482,678	8,527,489
General revenues			-
Property taxes	1,432,348,591	1,378,311,554	54,037,037
Unrestricted federal and state aid	177,602,089	167,985,395	9,616,694
Other	16,058,101	33,948,779	(17,890,678)
Total Revenues	2,348,998,159	2,113,720,564	235,277,595
EXPENSES			
Instruction	977,807,848	975,012,201	2,795,647
Instruction-related services	166,842,809	180,489,811	(13,647,002)
Pupil services	262,843,635	244,403,223	18,440,412
General administration	67,172,210	90,479,759	(23,307,549)
Plant services	125,748,856	142,886,646	(17,137,790)
Ancillary and community services	11,619,772	7,380,387	4,239,385
Debt service	149,990,502	171,070,025	(21,079,523)
Other outgo	56,208,323	30,825,471	25,382,852
Depreciation	144,999,315	137,924,630	7,074,685
Enterprise activities	2,195,212	6,326,745	(4,131,533)
Total Expenses	1,965,428,482	1,986,798,898	(21,370,416)
Change in net position	383,569,677	126,921,666	256,648,011
Net Position - Beginning	(38,803,123)	(172,465,748)	133,662,625
GASB 84 Implementation		6,740,959	(6,740,959)
Net Position - Restated		(165,724,789)	-
Net Position - Ending	$ 344,766,554	$ (38,803,123)	$ 383,569,677

As reported in the Statement of Activities on page 14, the cost of all our governmental activities this year was $1,965.43 million. The amount ultimately that financed these activities through taxes and State Aid was $1,609.95 million. The cost paid by those who benefitted from the programs was $34.27 million. The costs from capital grants and contributions are $11.01 million. The costs paid by other governments, organizations, who subsidized certain programs with grants and contribution, were $677.71 million and other revenues contributed $16.06 million.

	Net Cost of Services	
	2022	2021
Instruction	$ 977,807,848	$ 975,012,201
Instruction-related services	166,842,809	180,489,811
Pupil services	262,843,635	244,403,223
General administration	67,172,210	90,479,759
Plant services	125,748,856	142,886,646
Ancillary and community services	11,619,772	7,380,387
Debt service	149,990,502	171,070,025
Other outgo	56,208,323	30,825,471
Depreciation	144,999,315	137,924,630
Enterprise activities	2,195,212	6,326,745
Total Expenses	$ 1,965,428,482	$ 1,986,798,898

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The financial performance of the District as a whole are reflected in its governmental funds. As the District completed this year, its governmental funds reported a combined fund balance of $1,941.76 million, which is higher than prior year ending fund balance of $1,834.75 million. The District's General Fund had $51.56 million more in operating revenues than expenditures for the year ended June 30, 2022. The District's Building Fund had $598.28 million less in operating revenues than expenditures for the year ended June 30, 2022. The District's Bond Interest and Redemption Fund had $58.65 million less in operating revenues than expenditures for the year ended June 30, 2022. The District's Special Reserve for Capital Outlay Fund had $4.21 million more in operating revenues than expenditures for the year ended June 30, 2022. The District's Non-Major Governmental Funds, which includes County School Facilities Fund, had $74.36 million more in operating revenues than expenditures for the year ended June 30, 2022.

CURRENT YEAR BUDGET 2021-22

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a monthly basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District's financial projections and current budget based on State and local financial information.

GENERAL FUND BUDGETARY HIGHLIGHTS

The following were the major changes between original and final budget:

- Revenues that were received during the year that were not included in the originally adopted budget – Federal funding and special projects of $499.75 million and State Revenue of $84.12 and Local Revenue and special projects of $18.58 million.
- Expenditures that were appropriated during the year which were not included in the originally adopted budget – Salaries and Benefits of $8.72 million, Books and Supplies of $76.30 million, Services and Other Operating Expenses of $397.81 million, and Capital Outlay of $2.51 million.

With these adjustments, actual revenues available were $452.94 million below the final budgeted amounts. The most significant variances resulted from:

- Federal revenues were $405.71 million below final budget amounts. ESSA grants were $26.69 million below appropriations and federal funding for the CARES Act and Elementary and Secondary School Emergency Relief (ESSER II) grant was $69.4 million below appropriations. The Elementary and Secondary School Emergency Relief (ESSER III) grant was $284.26 million below appropriations. The Federal grant for Governor's Emergency Education Relief (GEER II) Expanded Learning Opportunities was $17.84 million below appropriations. The variance in these funding sources largely represents grant money awarded but not spent by June 30, 2022.

- State revenues were $43.13 million below final budget amounts. The After School Education and Safety program was $2.8 million below appropriations. Educator Effectiveness Grant was $5.5 million below appropriations. Inclusive Early Education program was $2.9 million below appropriations. Special Education Dispute Resolution and Learning Recovery grant was $10.88 million below appropriations. In Person Instruction Grant was $20.7 million below appropriations.

- Local revenues were $7.42 million below final budget amounts. No specific grantor contributed to the decrease in local revenue.

Actual expenditures were $462.55 million below the final budgeted amounts. The most significant variances resulted from:

- Salaries and benefits were $33.29 million below final budget amounts that includes the adjustment for STRS On-Behalf Pension Contribution.

- Books and Supplies were $81.19 million below final budget amounts.

- Contract Services, Operating Expenditures were $347.97 million below final budget amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2021-22, the District had invested $5,244.57 million in capital assets, net of depreciation.

	Governmental Activities		
	2022	2021	Net Change
CAPITAL ASSETS			
Land	$ 323,980,239	$ 323,980,239	$ -
Construction In Progress	2,612,347,228	2,408,693,788	203,653,440
Land Improvements	458,958,185	420,189,227	38,768,958
Buildings & Improvements	3,332,466,183	2,967,832,261	364,633,922
Furniture & Equipment	297,442,877	292,201,264	5,241,613
Accumulated Depreciation	(1,781,636,643)	(1,639,548,229)	(142,088,414)
Leased Equipment	1,441,166		1,441,166
Accumulated Leased Amortization	(426,704)		(426,704)
Total Capital Assets	$ 5,244,572,531	$ 4,773,348,550	$ 471,223,981

Long-Term Debt

At year-end, the District had $6,591.33 million in long-term debt, a decrease from prior year – as shown in the table below. (The District's long-term liabilities are presented in the footnotes to the financial statements providing additional detail.)

	Governmental Activities		
	2022	2021	Net Change
LONG-TERM LIABILITIES			
Total General Obligation Bonds	$ 5,536,456,919	$ 5,186,533,575	$ 349,923,344
Net Pension Liability	793,205,000	1,546,135,000	(752,930,000)
Lease Liabilities	1,108,751	-	1,108,751
Compensated Absences	39,166,475	39,457,864	(291,389)
SERP Liability	10,715,000	30,947,230	(20,232,230)
Claims Liability	74,543,000	76,178,000	(1,635,000)
Net OPEB Obligation	136,132,998	143,083,016	(6,950,018)
Total Long-Term Liabilities	$ 6,591,328,143	$ 7,022,334,685	$ (431,006,542)

On November 4, 2008, San Diego voters authorized Proposition S, a $2.1 billion general obligation bond to improve every neighborhood school. The bond is a Proposition 39 bond, which required approval from at least 55 percent of the voters to pass. Some of the improvements outlined in the bond are to repair outdated student restrooms, deteriorated plumbing and roofs, upgrading career/vocational classrooms and labs, providing up-to-date classroom technology, improving school safety/security, replacing dilapidated portable classrooms, upgrading fire alarms, and removing hazardous substances. The District issued Series A through L totaling $987 million. As of June 30, 2022, the principal balance, including outstanding accreted interest and refunding bonds, on the Proposition S Bonds was $1.311 billion.

On November 6, 2012, San Diego voters approved Proposition Z, a $2.8 billion bond proposition that the District will use to maintain safe and productive learning environments for students. The bond is a Proposition 39 bond, which required approval from at least 55 percent of voters to pass. The tax rate imposed to meet repayment of the proposed bonds will not exceed $60 per year per $100,000 of assessed valuation of taxable property. The District issued Series A through N totaling $2.65 billion. As of June 30, 2022, the principal balance on the Proposition Z Bonds was $2.011 billion.

On November 6, 2018, San Diego voters approved Measure YY, a $3.5 billion bond proposition that the District will use to improve neighborhood and charter schools by improving school security, upgrading classrooms, repairing foundations, plumbing, and removing lead in drinking water and hazardous asbestos. The District issued Series A through E-2 totaling $1.245 billion. As of June 30, 2022, the principal balance on the Measure YY Bonds was $959.23 million.

Total expenditures by location for Proposition S, Proposition Z, and Measure YY for capital outlay, including planning, design and construction, for various bond related projects are noted in the following table:

	Fiscal Year 2021-2022		
	Proposition S	**Proposition Z**	**Measure YY**
Elementary Schools	$ 52,028,371	$ 62,073,825	$ 107,538,426
Middle Schools	5,874,744	31,069,524	78,487,014
High Schools	8,853,500	38,512,499	64,656,333
Program Expenditures	67,052	24,654,496	37,408,154
Atypical	1,664	3,226,102	1,279,315
Charter	2,422,874	48,369,267	10,430,940
Other District Sites	-	1,237,767	2,879,911
Leased Site	-		
Total Expenditures	$ 69,248,205	$ 209,143,480	$ 302,680,093

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES FOR 2022/23

The annual process to develop the District's budget begins in January, following the Governor's proposed State budget. The majority of the District's revenue comes from the State; therefore, the District formulates assumptions based on the Governor's proposals, guidance from School Services of California, and from the San Diego County Office of Education. Generally, the release of the 2022-23 May Revision builds on the conceptual basic framework of the proposed budget presented in January. For 2022-23, the economic outlook improved compared to the previous year. The May Revision proposed to increase the LCFF base grant by the 6.56% statutory cost-of-living-adjustment (COLA). Additionally, the revision allowed for the average of three prior year's Average Daily Attendance (ADA). School Districts have received Federal dollars from the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act and Elementary and Secondary School Emergency Relief (ESSER II, ESSER III) funds to help maintain student safety while in person learning continues through the 2022-2023 school year. The COLA at 6.56% increased the AB602 per student funding to $820 per student. Expenditures continue to rise, including increased employer contribution rates to the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) to address the unfunded liability for these pension systems. Employer rates will continue to increase, therefore, educational agencies must look for other solutions to control expenditures. Accurate position control and staffing formulas, avoiding excessive settlements at the bargaining table, commitments to maintain existing programs before adding new ones, and the use of capital expenditures to make facilities more efficient and reduce operating costs are just a few of the solutions the District has implemented.

On June 27, 2022, the District's Board approved an Adopted Budget for Fiscal Year 2022-23 which included a 2% Unrestricted Reserve for Economic Uncertainties. The major assumptions used in developing the budget are as follows:

Revenues

- LCFF and Average Daily Attendance (ADA) – 93,565
- COLA – 6.56%
- Federal Impact Aid - $10.0M
- Mandated Block Grant - $4.3M
- Lottery (GFU - $163; GFR - $65) - $228 per ADA
- Elementary & Secondary School Emergency Relief (ESSER II) - $61.0M
- Elementary & Secondary School Emergency Relief Learning Loss (ESSER III) - $161.9M
- Expanded Learning Opportunity Grant (ELO-G) - $20.4M
- Expanded Learning Opportunity Program (ELO-P) - $22.0M
- Transfers In - $22.7M

Expenditures

- Salaries Step and Column – Certificated 1.86%; Classified .73%
- Salary Increase – 4.5% (one time, off schedule)
- STRS – 19.10%
- PERS – 25.37%
- Health and Welfare Premiums - 5.0%
- Transfers Out - $9.4M
- Contributions:
  - Special Education - $258.5M
  - Restricted Routine Maintenance (RRM) - $46.6M

Factors related to LCFF that the District continues to monitor include: (1) estimates of funding in the next budget year and beyond; (2) the Learning Continuity and Attendance Plan (LCAP) for future school years; (3) ensuring the integrity of reporting student data through the California Longitudinal Pupil Achievement Data System (CALPADS); and, (4) meeting new compliance and audit requirements.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, inter-district transfers in or out, economic conditions and housing values. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to make adjustments in fixed operating costs.

The California State Budget was signed on June 27, 2022, which provided significant funds that were not included in the District's adopted budget. The District will make all appropriate adjustments to its Fiscal Year 2022-23 Budget, which will be reflected at the first interim and reported in December 2022. In addition to certain continued advocacy efforts, the Board is expected to consider the implementation of various funding opportunities and operational efficiency solutions to address the projected deficits for Fiscal Years 2023-24 and 2024-25.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report designed to provide our citizens, taxpayers, students, and 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 any additional financial information, contact the District's Finance Division.

BASIC FINANCIAL STATEMENTS

SAN DIEGO UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2022

	Governmental Activities
ASSETS	
Cash and investments (Note 2)	$ 2,162,554,546
Receivables	184,225,065
Prepaid expenses	277,411
Stores inventory	4,278,462
Lease receivables (Note 4)	84,426,118
Non-depreciable capital assets (Note 5)	2,936,327,467
Depreciable capital assets, net of accumulated depreciation (Note 5)	2,307,230,602
Lease assets, net of amortization (Note 5)	1,014,462
Total assets	7,680,334,133
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions (Notes 9 and 10)	253,513,598
Deferred outflows of resources - OPEB (Note 11)	20,690,805
Deferred loss from refunding of debt	98,153,599
Total deferred outflows of resources	372,358,002
LIABILITIES	
Accounts payable and other current liabilities	290,955,417
Unearned revenue	57,099,051
Self-insurance claims liability - current portion (Note 6)	17,333,000
Long-term liabilities:	
Due within one year (Note 7)	325,101,755
Due after one year (Note 7)	6,191,683,388
Self-insurance claims liability - noncurrent portion (Note 6)	57,210,000
Total liabilities	6,939,382,611
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions (Notes 9 and 10)	639,149,000
Deferred inflows of resources - OPEB (Note 11)	46,103,092
Deferred inflows of resources - leases (Note 4)	83,290,878
Total deferred inflows of resources	768,542,970
NET POSITION	
Net investment in capital assets	1,180,840,364
Restricted:	
Legally restricted programs	161,383,741
Capital projects	172,390,415
Debt service	511,084,687
Self-insurance	69,836,685
Unrestricted	(1,750,769,338)
Total net position	$ 344,766,554

See accompanying notes to financial statements.

SAN DIEGO UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Change in Net Position: Governmental Activities
Governmental activities:					
Instruction	$ 977,807,848	$ 287,428	$ 383,861,190	$ 11,010,167	$ (582,649,063)
Instruction-related services:					
Instructional supervision and administration	65,225,500	142,648	57,582,710	-	(7,500,142)
Instructional library, media and technology	8,078,385	9,360	1,262,975	-	(6,806,050)
School site administration	93,538,924	80,710	10,739,898	-	(82,718,316)
Pupil services:					
Home-to-school transportation	38,972,556	2,808	13,976,823	-	(24,992,925)
Food services	91,497,465	526,349	125,615,312	-	34,644,196
All other pupil services	132,373,614	679,145	42,576,941	-	(89,117,528)
General administration:					
Centralized data processing	19,217,377	-	3,589,997	-	(15,627,380)
All other general administration	47,954,833	39,516	12,683,624	-	(35,231,693)
Plant services	125,748,856	980,871	16,049,928	-	(108,718,057)
Ancillary services	10,748,075	54,851	6,484,520	-	(4,208,704)
Community services	871,697	-	2,601	-	(869,096)
Enterprise activities	2,195,212	1,160	231,785	-	(1,962,267)
Interest on long-term liabilities	149,990,502	-	-	-	(149,990,502)
Other outgo	56,208,323	31,461,531	3,054,530	-	(21,692,262)
Depreciation and amortization (unallocated) (Note 5)	144,999,315	-	-	-	(144,999,315)
Total governmental activities	$ 1,965,428,482	$ 34,266,377	$ 677,712,834	$ 11,010,167	(1,242,439,104)
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					949,078,218
Taxes levied for debt service					442,937,917
Taxes levied for other specific purposes					40,332,456
Federal and state aid not restricted to specific purposes					177,602,089
Interest and investment earnings					(3,122,725)
Interagency transfers					6,119,993
Miscellaneous					13,060,833
Total general revenues					1,626,008,781
Change in net position					383,569,677
Net position, July 1, 2021					(38,803,123)
Net position, June 30, 2022					$ 344,766,554

See accompanying notes to financial statements.

SAN DIEGO UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	General Fund	Building Fund	Special Reserve for Capital Outlay Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
ASSETS						
Cash and investments:						
Cash in County Treasury	$ 223,992,237	$ 1,058,696,148	$ 15,209,189	$ 489,198,151	$ 202,210,276	$ 1,989,306,001
Cash on hand and in banks	-	-	-	21,886,536	10,163,544	32,050,080
Cash in revolving fund	54,000	-	-	-	-	54,000
Receivables	158,630,207	2,687,084	693,837	-	21,641,364	183,652,492
Prepaid expenditures	276,391	-	-	-	1,020	277,411
Due from other funds	14,534,686	7,502,297	10,000	-	614,826	22,661,809
Stores inventory	4,123,803	-	-	-	154,659	4,278,462
Leases receivable	707,633	-	83,718,485	-	-	84,426,118
Total assets	$ 402,318,957	$ 1,068,885,529	$ 99,631,511	$ 511,084,687	$ 234,785,689	$ 2,316,706,373
LIABILITIES, DEFERRED INFLOWS OF OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ 117,671,174	$ 87,740,872	$ 13,570	$ -	$ 3,435,856	$ 208,861,472
Unearned revenue	54,636,559	-	2,462,492	-	-	57,099,051
Due to other funds	9,278,843	5,435,059	453,348	-	10,532,070	25,699,320
Total liabilities	181,586,576	93,175,931	2,929,410	-	13,967,926	291,659,843
Deferred inflows of resources - leases	689,302	-	82,601,576	-	-	83,290,878
Fund balances:						
Nonspendable	4,454,194	-	-	-	155,679	4,609,873
Restricted	98,855,868	975,709,598	14,100,525	511,084,687	220,662,084	1,820,412,762
Assigned	83,051,017	-	-	-	-	83,051,017
Unassigned	33,682,000	-	-	-	-	33,682,000
Total fund balances	220,043,079	975,709,598	14,100,525	511,084,687	220,817,763	1,941,755,652
Total liabilities, deferred inflows of resources and fund balances	$ 402,318,957	$ 1,068,885,529	$ 99,631,511	$ 511,084,687	$ 234,785,689	$ 2,316,706,373

See accompanying notes to financial statements.

SAN DIEGO UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2022

Total fund balances - Governmental Funds		$ 1,941,755,652
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is $7,026,635,878 and the accumulated depreciation and amortization is $1,782,063,347 (Note 5).		5,244,572,531
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2022 consisted of (Note 7):		
General Obligation Bonds	(4,769,349,324)	
Unamortized premiums	(367,137,289)	
Accreted interest	(399,970,306)	
Net pension liability (Notes 9 and 10)	(793,205,000)	
Lease liabilities	(1,108,751)	
Compensated absences	(39,166,475)	
Supplemental Employee Retirement Plan liability (Note 12)	(10,715,000)	
Total OPEB liability (Note 11)	(136,132,998)	
		(6,516,785,143)
Internal service funds are included in the government-wide financial statements.		69,836,685
Losses on refundings of debt are categorized as deferred outflows of resources and are amortized over the shortened life of the refunded or refunding of the debt.		98,153,599
In governmental funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported because they are applicable to future periods. In the statement net position, deferred outflows and inflows of resources relating to pensions are reported (Notes 9, 10 and 11).		
Deferred outflows of resources relating to pensions	253,513,598	
Deferred outflows of resources relating to OPEB	20,690,805	
Deferred inflows of resources relating to pensions	(639,149,000)	
Deferred inflows of resources relating to OPEB	(46,103,092)	
		(411,047,689)
Unmatured interest on long-term liabilities is recognized in the period incurred.		(81,719,081)
Total net position - governmental activities		$ 344,766,554

See accompanying notes to financial statements.

SAN DIEGO UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	General Fund	Building Fund	Special Reserve for Capital Outlay Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
Revenues:						
Local Control Funding Formula (LCFF):						
State apportionment	$ 276,681,402	$ -	$ -	$ -	$ -	$ 276,681,402
Local sources	813,002,382	-	-	-	-	813,002,382
Total LCFF	1,089,683,784	-	-	-	-	1,089,683,784
Federal sources	274,731,684	-	-	1,792,113	97,294,491	373,818,288
Other state sources	319,517,488	12,819	-	1,862,897	29,044,909	350,438,113
Other local sources	41,505,448	(17,218,422)	6,121,757	430,680,704	99,373,902	560,463,389
Total revenues	1,725,438,404	(17,205,603)	6,121,757	434,335,714	225,713,302	2,374,403,574
Expenditures:						
Current:						
Certificated salaries	671,886,512	-	-	-	6,700,149	678,586,661
Classified salaries	242,920,022	14,655,004	980,367	-	28,228,850	286,784,243
Employee benefits	511,357,221	7,669,301	456,310	-	20,954,064	540,436,896
Books and supplies	63,983,458	7,810,659	6,262	-	38,150,092	109,950,471
Contract services and operating expenditures	170,183,365	23,298,290	464,917	-	30,631,749	224,578,321
Other outgo	2,134,531	-	-	-	-	2,134,531
Capital outlay	11,048,787	527,638,524	-	-	26,691,471	565,378,782
Debt service:						
Principal retirement	332,415	-	-	321,423,258	-	321,755,673
Interest	31,006	-	-	171,564,722	-	171,595,728
Total expenditures	1,673,877,317	581,071,778	1,907,856	492,987,980	151,356,375	2,901,201,306
Excess (deficiency) of revenues over (under) expenditures	51,561,087	(598,277,381)	4,213,901	(58,652,266)	74,356,927	(526,797,732)
Other financing sources (uses):						
Transfers in	20,397,008	708,238	-	-	-	21,105,246
Transfers out	(9,878,238)	-	(1,274,995)	-	(19,122,013)	(30,275,246)
Issuance of leases	1,441,166	-	-	-	-	1,441,166
Proceeds from issuance of bonds	-	976,380,000	-	-	-	976,380,000
Deposit to refunding escrow account	-	(399,955,630)	-	-	-	(399,955,630)
Premium on issuance of bonds	-	-	-	65,107,494	-	65,107,494
Total other financing sources (uses)	11,959,936	577,132,608	(1,274,995)	65,107,494	(19,122,013)	633,803,030
Net change in fund balances	63,521,023	(21,144,773)	2,938,906	6,455,228	55,234,914	107,005,298
Fund balances, July 1, 2021	156,522,056	996,854,371	11,161,619	504,629,459	165,582,849	1,834,750,354
Fund balances, June 30, 2022	$ 220,043,079	$ 975,709,598	$ 14,100,525	$ 511,084,687	$ 220,817,763	$ 1,941,755,652

See accompanying notes to financial statements.

Net change in fund balances - Total Governmental Funds		$ 107,005,298
Amounts reported for governmental activities in the statement of activities are different because:		
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 5).	622,174,008	
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 (Note 5).	(5,956,059)	
In governmental funds, donated capital asset are not reported because they do not affect current financial resources. In the statement of activities, donated assets are reported as revenue and as an increase to capital assets at their fair value on the date of donation (Note 5).	5,347	
Depreciation and amortization of capital assets is an expense that is not recorded in the governmental funds (Note 5).	(144,999,315)	
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. (Note 7).	(977,821,166)	
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 7).	321,755,673	
Payments made to the refunding escrow is an other financing use in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 7).	370,235,000	
In governmental funds, debt issued at a premium is recognized as an other financing source. In the government-wide statements debt issued at a premium is amortized as interest over the life of the debt (Note 7).	(30,793,742)	
Accreted interest is an expense that is not recorded in the governmental funds (Note 7).	(34,407,860)	

(Continued)

Interest on long-term liabilities is recognized in the period it is incurred, in governmental funds it is only recognized when it is due.	$ (11,186,952)	
Activities of the internal service fund are reported with governmental activities.	4,062,152	
Losses on refundings of debt are categorized as deferred outflows and are amortized over the shortened life of the refunded or refunding of the debt in the government-wide statements.	21,843,464	
In governmental funds, total OPEB costs are recognized when employers contributions are made. In the government-wide statements, total OPEB costs are recognized on the accrual basis. This year, the difference between accrual-basis OPEB costs and actual employer contributions was (Notes 7 and 11).	(21,714,262)	
In governmental funds, public agency retirement system incentives are recognized when employers contributions are made In the government-wide statements, public agency retirement system incentives are measured on the accrual basis (Notes 7 and 12).	20,232,230	
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.	142,844,472	
In the statement of activities, expenses related to compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 7).	291,389	276,564,379
Change in net position of governmental activities		$ 383,569,677

See accompanying notes to financial statements.

SAN DIEGO UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION – PROPRIETARY FUND
SELF-INSURANCE FUND – GOVERNMENTAL ACTIVITIES
June 30, 2022

ASSETS	
Current assets:	
Cash and investments:	
Cash in County Treasury	$ 140,644,465
Cash with fiscal agent	500,000
Receivables	572,573
Due from other funds	3,388,673
Total current assets	145,105,711
LIABILITIES	
Current liabilities:	
Accounts payable	374,864
Due to other funds	351,162
Claims payable - current portion	17,333,000
Total current liabilities	18,059,026
Non-current liabilities:	
Claims payable	57,210,000
Total liabilities	75,269,026
NET POSITION	
Restricted for insurance activities	$ 69,836,685

See accompanying notes to financial statements.

SAN DIEGO UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGE IN
NET POSITION – PROPRIETARY FUND
SELF-INSURANCE FUND – GOVERNMENTAL ACTIVITIES
For the Year Ended June 30, 2022

OPERATING REVENUE	
Self insurance premiums	$ 43,354,305
OPERATING EXPENSES	
Salaries and benefits	3,447,807
Supplies and materials	1,281,958
Insurance and claims	41,149,473
Total operating expense	45,879,238
Operating loss	(2,524,933)
NON-OPERATING REVENUES	
Interest income (loss)	(2,582,915)
Loss before transfers	(5,107,848)
TRANSFERS	
Transfers in	9,170,000
Change in net position	4,062,152
Net position restricted for insurance activities, July 1, 2021	65,774,533
Net position restricted for insurance activities, June 30, 2022	$ 69,836,685

See accompanying notes to financial statements.

SAN DIEGO UNIFIED SCHOOL DISTRICT
STATEMENT OF CASH FLOWS – PROPRIETARY FUND
SELF-INSURANCE FUND – GOVERNMENTAL ACTIVITIES
For the Year Ended June 30, 2022

Cash flows provided by operating activities:	
Cash received from self-insurance premiums	$ 120,834,338
Cash received from user charges	3,796,740
Cash paid for employee salaries and benefits	(3,447,807)
Cash paid for insurance claims and supplies	(43,882,015)
Net cash provided by operating activities	77,301,256
Cash flows provided by noncapital financing activities:	
Transfers in from District funds	9,170,000
Cash flows used in investing activities:	
Interest income/(loss)	(2,679,956)
Increase in cash and investments	83,791,300
Cash and investments, July 1, 2021	57,353,165
Cash and investments, June 30, 2022	$ 141,144,465
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	$ (2,524,933)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Decrease in:	
Amount due from other funds	81,238,363
Increase (decrease) in:	
Accounts payable	184,416
Claims payable	(1,635,000)
Amount due to other funds	38,410
Total adjustments	79,826,189
Net cash provided by operating activities	$ 77,301,256

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

San Diego Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the 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 as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies.

Reporting Entity: The Board of Education is the level of government which has governance responsibilities over all activities related to public school education in the District. The Board is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board since Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

Basis of Presentation - Financial Statements: The basic financial statements include a Management's Discussion and Analysis (MD & A) section providing an analysis of the District's overall financial position and results of operations, financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure, and a focus on the major funds.

Basis of Presentation - Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole.

The Statement of Net Position and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of Governmental Accounting Standards Board Cod. Sec. N50.118-.121.

Program revenues: Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

Allocation of indirect expenses: The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense and interest on general long-term liabilities are considered indirect expenses and are reported separately on the Statement of Activities.

Basis of Presentation - Fund Accounting: The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

A - Major Funds

General Fund - The General Fund is the main 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. In keeping with the minimum number of funds principle, all of the District's activities are reported in the general fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Building Fund - The Building Fund is a capital projects fund used primarily to account separately for proceeds from the sale of bonds (*Education Code Section 15146*) and may not be used for any purposes 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 Section 17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section 41003*).

Special Reserve for Capital Outlay Projects Fund: The Special Reserve for Capital Outlay Projects Fund is a capital project fund used to provide for the accumulation of funds for capital outlay purposes (*Education Code Section 42840*).

Bond Interest and Redemption Fund - The Bond Interest and Redemption Fund is a debt service fund used for the repayment of bonds issued for the District (*Education Code Sections 15125-15262*). The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The San Diego County Auditor and Controller manages the District's Bond Interest and Redemption Fund due to the fact that the principal and interest on the bonds must be paid by the San Diego County Treasurer from the taxes levied by the San Diego County Treasurer-Tax Collector on behalf of the District.

B - Other Funds

Special Revenue Funds - The 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 special revenue funds:

a - Student Activity Fund: This fund is used to account separately for local revenues for student activity programs. Money in this fund shall be expended for student activity purposes only.

b - Adult Education Fund: This fund is used to account separately for federal, state, and local revenues for adult education programs. Money in this fund shall be expended for adult education purposes only. Money received from programs other than adult education shall not be expended for adult education (*Education Code Section 52616[b] and 52501.5[a]*)

c - Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs. All moneys received by the District for, or from the operation of, child development services covered under the Child Care and Development Services Act (*Education Code Section 8200 et seq.*) shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services hall be paid from this fund, with accounting to reflect specific funding sources (*Education Code Section 83228*).

d - Cafeteria Fund: This fund is used to account for federal, state, and local resources to operate the food service program (*Education Code Sections 38090-38093*). 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 Sections 38091 and 38100*).

e - Pupil Transportation Equipment Fund: This fund is used to account separately for state and local revenues specifically for the acquisition, rehabilitation, or replacement of equipment used to transport students (*Education Code Section 41852[b]*).

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Project Funds - The capital project 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).

a - Capital Facilities Fund: This 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 Sections 17620-17626*). The authority for these levies may be county/city ordinances (*Government Code Sections 65970-65981*) or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section 66006*).

b - County School Facilities Fund: The County School Facilities Fund is a capital project fund used to account for the accumulation and expenditure of resources used for the acquisition or construction of major capital facilities and equipment (*Education Code Section 17070.43*).

Proprietary Fund:

Self-Insurance Fund - The Self Insurance Fund is a proprietary fund used to separate moneys received from self-insurance activities from other operating funds of the District. Separate funds may be established for each type of self-insurance activity, such as workers' compensation, health and welfare, and deductible property loss (*Education Code Section 17566*).

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

Accrual: Governmental activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual: The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term liabilities, if any, is recognized when due.

Budgets and Budgetary Accounting: By state law, the Board of Education must adopt a final budget by July 1. A public hearing is conducted to receive comments prior to adoption. The Board of Education complied with these requirements.

Receivables: Receivables are made up principally of amounts due from the State of California and Categorical programs. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2022.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Stores Inventory: Inventories are recorded using the purchase method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

Capital Assets: The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide state of net position, but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost), except for intangible right-to-use lease assets, the measurement of which is discussed in the “Leases” note below. Donated fixed assets are recorded at acquisition value for the contributed asset. The District maintains a capitalization threshold of $5,000 for equipment purchased and $100,000 for improvement of land, modernization of buildings and construction of new buildings. The District does not own any infrastructure as defined in GASB Statement No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Life
Buildings and Improvements	25 - 50 years
Furniture and Equipment	5 -15 years
Vehicles	6 years

Leases: The District is a lessee for leases of property and equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

The District is a lessor for leases of property and equipment. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Activity: Interfund activity is reported as either loans, services provided, reimbursements or transfers. 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/expenses. Reimbursements are 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 between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding reported, which is in the Statement of Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt. Additionally, the District has recognized a deferred outflow of resources related to the recognition of the pension liability and OPEB liability reported in the Statement of Net Position.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized deferred inflows of resources related to the recognition of the pension liability, leases and OPEB liability reported in the Statement of Net Position.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Certain investments are reported at fair value. The following is a summary of pension amounts in the aggregate:

	STRP	PERF B	Total
Deferred outflows of resources	$ 174,102,011	$ 79,411,587	$ 253,513,598
Deferred inflows of resources	$ 494,780,000	$ 144,369,000	$ 639,149,000
Net pension liability	$ 428,698,000	$ 364,507,000	$ 793,205,000
Pension expense	$ 45,260,254	$ 26,125,723	$ 71,385,977

Compensated Absences: Compensated absences benefits are recorded as a liability of the District. The liability of $39,166,475 is for the earned but unused benefits.

Accumulated Sick Leave: Sick leave benefits are accumulated for each employee. The employees do not gain a vested right to accumulated sick leave. Accumulated employee sick leave benefits are not recognized as liabilities of the District since cash payment of such benefits is not probable. Therefore, sick leave benefits are recorded as expenditures in the period that sick leave is taken.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned Revenue: Revenue from federal, state, and local special projects and programs is recognized when qualified expenditures have been incurred. Funds received but not earned are recorded as unearned revenue until earned.

Net Position: Net position is displayed in three components:

1. *Net Investment in Capital Assets* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2. *Restricted Net Position* - Restrictions of the ending net position indicate the portions of net position not appropriable for expenditure or amounts legally segregated for a specific future use. The restriction for legally restricted programs represents the portion of net position restricted to specific program expenditures. The restriction for debt service represents the portion of net position available for the retirement of debt. The restriction for capital projects represents the portion of net position restricted for capital projects. The restriction for self-insurance represents the portion of net position restricted for the District's self-insurance program. It is the District's policy to use restricted net position first when allowable expenditures are incurred.

3. *Unrestricted Net Position* – All other net position that do not meet the definitions of "restricted" or "net investment in capital assets".

Fund Balance Classifications: Governmental Accounting Standards Board Codification Sections 1300 and 1800, Fund Balance Reporting and *Governmental Fund Type Definitions* (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications, discussed in more detail below, are nonspendable, restricted, committed, assigned and unassigned.

A - *Nonspendable Fund Balance* - The nonspendable fund balance classification reflects amounts that are not in spendable form, such as revolving fund cash, prepaid expenditures and stores inventory.

B - *Restricted Fund Balance* - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation. These are the same restrictions used to determine restricted net position as reported in the government-wide financial statements.

C - *Committed Fund Balance* - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Education. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Education is required to remove any commitment from any fund balance. At June 30, 2022, the District had no committed fund balances.

D - *Assigned Fund Balance* - The assigned fund balance classification reflects amounts that the District's Board of Education has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Education can designate personnel within the District to assign fund balances. However, as of June 30, 2022 no such designation has occurred.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E - *Unassigned Fund Balance* - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

In any fund other than the General Fund, a positive unassigned fund balance is never reported because amounts in any other fund are assumed to have been assigned, at least, to the purpose of that fund. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

Fund Balance Policy: The District has an expenditure policy relating to fund balances. For purposes of fund balance classifications, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances (if any), assigned fund balances and lastly unassigned fund balances.

While GASB Cod. Sec. 1300 and 1800 do not require districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Education. At June 30, 2022, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

Property Taxes: Secured property taxes are attached as an enforceable lien on property as of January 1. Taxes are due in two installments on or before December 10 and April 10. Unsecured property taxes are due in one installment on or before August 31. The County of San Diego bills and collects taxes for the District. Tax revenues are recognized by the District when received.

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. All encumbrances are liquidated at June 30.

Eliminations and Reclassifications: In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Estimates: The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the reporting period. Accordingly, actual results may differ from those estimates.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements: In June 2017, the GASB issued GASB Statement No. 87, *Leases.* GASB Statement No. 87 requires the recognition of certain assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this statement a lease is required to be recognized as a lease liability and an intangible right to use lease asset and the lessor is required to recognize a lease receivable and deferred inflow of resources. This statement was originally effective for fiscal years beginning after December 15, 2019, but due to the adoption of GASB Statement No. 95, the implementation date was extended to reporting periods beginning after June 15, 2021. Based on the implementation of GASB Statement No. 87, the District's July 1, 2021 net position, capital assets, net and long-term liabilities was not restated.

NOTE 2 - CASH AND INVESTMENTS

District cash and investments at June 30, 2022 consisted of the following:

	Governmental Funds	Internal Service Funds	Total Governmental Activities
Cash in County Treasury	$ 1,989,306,001	$ 140,644,465	$ 2,129,950,466
Cash on hand and in banks	32,050,080	-	32,050,080
Cash in revolving fund	54,000	-	54,000
Cash with fiscal agent	-	500,000	500,000
Total cash and cash equivalent	$ 2,021,410,081	$ 141,144,465	$ 2,162,554,546

Pooled Funds: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest-bearing San Diego County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro- rata share of the fair value by the County Treasurer for the entire portfolio (in relation to the amortized cost of that 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.

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2022, the carrying amount of the District's accounts was $32,104,080 and the bank balances were $31,968,410. The total uninsured bank balance at June 30, 2022 was $31,468,410.

Cash with Fiscal Agent: Cash with Fiscal Agent represents cash balances held by Chase Bank for the claims payments. The cash balances are fully collateralized at June 30, 2022.

Credit Risk: The District does not have a formal investment policy that limits its investment choices other than the limitations of state law.

(Continued)

NOTE 2 - CASH AND INVESTMENTS (Continued)

Interest Rate Risk: The District does not have a formal investment policy that limits the cash and investment maturities as a means of managing its exposure to fair value arising from increasing interest rates. At June 30, 2022, the District had no significant interest rate risk related to investments held.

Concentration of Credit Risk: The District does not place limits on the amount they may invest in any one issuer. At June 30, 2022, the District had no concentration of credit risk.

NOTE 3 - INTERFUND TRANSACTIONS

Interfund Activity: Transactions between funds of the District are recorded as interfund transfers. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds.

Interfund Receivables/Payables: Individual fund interfund receivable and payable balances at June 30, 2022 were as follows:

	Interfund Receivables	Interfund Payables
Governmental Activities		
Major Funds:		
General	$ 14,534,686	$ 9,278,843
Building	7,502,297	5,435,059
Non-Major Funds:		
Adult Education	3,292	106,551
Child Development	576,045	2,232,977
Cafeteria	30,965	3,108,683
Capital Facilities	4,524	5,035,244
County School Facilities	-	48,615
Special Reserve for Capital Outlay Projects	10,000	453,348
Proprietary Fund:		
Self-Insurance	3,388,673	351,162
Totals	$ 26,050,482	$ 26,050,482

(Continued)

NOTE 3 - INTERFUND TRANSACTIONS (Continued)

Transfers: Transfers consists of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

Transfers for the 2021-2022 fiscal year were as follows:

Transfer from the Capital Facilities Fund to the General Fund for reduction in expenditures related to CCDC RDA.	$ 17,300,000
Transfer from the General Fund to the Self Insurance Fund for premiums and insurance costs.	9,170,000
Transfer from the Special Reserve for Capital Outlay Projects Fund to the General Fund for additional rent expense.	1,274,995
Transfer from the Cafeteria Fund to the General Fund for indirect costs.	1,386,885
Transfer from the General Fund to the Building Fund for transfer of IEEEP grant monies for Adams Elementary School.	648,238
Transfer from the Child Development Fund to the General Fund for indirect costs.	394,966
Transfer from the General Fund to the Building Fund for reimbursement of refurbishment of weight room costs.	60,000
Transfer from the Adult Education Fund to the General Fund for indirect costs.	40,162
	$ 30,275,246

NOTE 4 – LEASE RECEIVABLES

The District leases out its buildings and land. Lease terms vary, and may contain one or more renewal options. We have generally included these renewal periods in the lease term when it is reasonably certain that we will exercise the renewal option. The District’s lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in the District’s leases is not readily determinable, the District utilizes its incremental borrowing rate to discount the lease payments.

Minimum lease payments receivable on leases of investment properties are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 3,050,252	$ 781,749	$ 3,832,001
2024	5,137,112	1,687,973	6,825,085
2025	2,832,201	1,071,654	3,903,855
2026	1,419,587	1,046,016	2,465,603
2027	1,497,689	1,027,723	2,525,412
2028-2032	5,623,110	4,898,384	10,521,494
2033-2037	7,499,373	4,421,443	11,920,816
2038-2042	9,278,186	3,800,079	13,078,265
2043-2047	10,257,738	3,061,691	13,319,429
2048-2052	6,772,539	2,549,860	9,322,399
2053-2057	8,416,612	2,144,199	10,560,811
2058-2062	8,327,212	1,648,218	9,975,430
2063-2067	2,052,788	1,344,164	3,396,952
2068-2072	2,335,605	1,126,558	3,462,163
2073-2077	2,843,035	876,887	3,719,922
2078-2082	3,214,888	576,344	3,791,232
2083-2087	2,828,073	239,626	3,067,699
2088-2092	299,291	88,472	387,763
2093-2097	340,632	56,922	397,554
2098-2102	386,468	21,126	407,594
2103-2107	13,727	34	13,761
	$ 84,426,118	$ 32,469,122	$ 116,895,240

The total amount of inflows of resources relating to leases recognized in the current fiscal year are as follows:

	2022 Governmental funds/ Governmental Activities
Lease revenue	$ 3,670,622
Interest revenue	$ 741,898

NOTE 5 - CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2022 is shown below:

	Balance July 1, 2021	Additions and Transfers	Deletions and Transfers	Balance June 30, 2022
Non-depreciable:				
Land	$ 323,980,239	$ -	$ -	323,980,239
Work-in-process	2,408,693,788	620,732,842	417,079,402	2,612,347,228
Depreciable:				
Improvement of sites	420,189,227	38,768,958	-	458,958,185
Buildings	2,967,832,261	368,128,780	3,494,858	3,332,466,183
Equipment	292,201,264	10,187,011	4,945,398	297,442,877
Totals, at cost	6,412,896,779	1,037,817,591	425,519,658	7,025,194,712
Less accumulated depreciation:				
Improvement of sites	(209,593,033)	(17,627,792)	-	(227,220,825)
Buildings	(1,197,674,042)	(116,543,206)	(480,858)	(1,313,736,390)
Equipment	(232,281,154)	(10,401,613)	(2,003,339)	(240,679,428)
Total accumulated depreciation	(1,639,548,229)	(144,572,611)	(2,484,197)	(1,781,636,643)
Lease assets:				
Furniture and equipment	-	1,441,166	-	1,441,166
Totals, at cost	-	1,441,166	-	1,441,166
Accumulated lease amortization:				
Furniture and equipment	-	(426,704)	-	(426,704)
Total accumulated lease amortization	-	(426,704)	-	(426,704)
Total lease assets, net	-	1,014,462	-	1,014,462
Governmental activities Capital assets, net	$ 4,773,348,550	$ 894,259,442	$ 423,035,461	$ 5,244,572,531

Depreciation and amortization expense was charged to governmental activities for the year ended June 30, 2022 as follows:

Governmental activities:	
Unallocated	$ 144,999,315

(Continued)

NOTE 6 - SELF-INSURANCE

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The District has established Internal Service Funds to account for and finance its uninsured risks of loss. Under this program, the Internal Service Funds provide coverage for a maximum of $500,000 for each worker's compensation claim, $150,000 for each general liability claim and $150,000 for each property damage claim. The District purchases commercial insurance for claims in excess of coverage provided by the funds and for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Funding of the Internal Service Funds is based on estimates of the amounts needed to pay prior and current year claims. Worker's Compensation claims are charged to the respective funds which generate the liability and the Property and Liability claims are paid by the General Fund.

At June 30, 2022, the District accrued the claims liability in accordance with GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claims liability is estimated at $75.4 million. Changes in the reported liability are shown below:

	General Liability	Workers' Compensation	Total
Liability balance, June 30, 2020	$ 3,746,000	$ 67,905,000	$ 71,651,000
Incurred claims	9,643,047	21,188,252	30,831,299
Claims payments	(8,299,047)	(18,005,252)	(26,304,299)
Liability balance, June 30, 2021	$ 5,090,000	$ 71,088,000	$ 76,178,000
Incurred claims	12,241,135	11,894,695	24,135,830
Claims payments	(12,458,135)	(13,312,695)	(25,770,830)
Liability balance, June 30, 2022	$ 4,873,000	$ 69,670,000	$ 74,543,000

In January 2022, the District established the San Diego Unified School District Captive Insurance Company, IC (‘Captive”), a captive insurance program based in Burlington, Vermont. The Captive was established by the District for purposes of managing the District’s general liability program. The Captive’s fiscal year end is December 31. For the year ended June 30, 2022, the District has transferred $2,361,000 for the establishment of the captive insurance program.

(Continued)

NOTE 7 - LONG TERM LIABILITIES

A schedule of changes in long term liabilities, excluding, claims payable on self-insurance activities in Note 6, for the fiscal year ended June 30, 2022 is as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year
General Obligation Bonds:					
General Obligation Bonds	$ 4,484,627,582	$ 976,380,000	$ 691,658,258	$ 4,769,349,324	$ 282,559,650
Unamortized premiums	336,343,547	65,107,494	34,313,752	367,137,289	23,692,142
Accreted interest	365,562,446	49,879,445	15,471,585	399,970,306	14,465,351
Total General Obligation Bonds	5,186,533,575	1,091,366,939	741,443,595	5,536,456,919	320,717,143
Other Long-term Liabilities:					
Net pension liability (Notes 8 & 9)	1,546,135,000	-	752,930,000	793,205,000	-
Lease liabilities	-	1,441,166	332,415	1,108,751	339,612
Compensated absences	39,457,864	-	291,389	39,166,475	-
SERP liability (Note 11)	30,947,230	-	20,232,230	10,715,000	4,045,000
Total OPEB liability (Note 10)	143,083,016	-	6,950,018	136,132,998	-
Total	$ 6,946,156,685	$ 1,092,808,105	$ 1,522,179,647	$ 6,516,785,143	$ 325,101,755

General Obligation Bonds

Proposition MM General Obligation Bond Authorization

On November, 5 1998, voters in San Diego approved the issuance of general obligation bonds not to exceed $1.51 billion (Proposition MM), for the purpose of repairing deteriorating roofs, drainage, heating, plumbing and electrical systems; upgrading fire security, disabled access, science laboratories, wiring for computers; removing hazardous lead paints; building needed libraries; enabling additional class size reduction, building schools and classrooms; and financing the acquisition and improvement of real property in order to address District needs. The District has issued the entire authorization Series A through G totaling $1.51 billion.

Proposition S General Obligation Bond Authorization

On November 4, 2008, voters in San Diego passed the $2.1 billion general obligation bond measure, Proposition S. This bond program will provide resources for the District to repair, renovate and revitalize 181 neighborhood schools. Proposition S extends the previous voter approved Proposition MM tax rate of $66.70 per $100,000 of assessed property value until the year 2029. Once the Proposition MM bonds are paid, the tax rate will be $60.00 per $100,000 of assessed property value beginning 2030. The District issued Series A through L totaling $986,860,041 million including Qualified School Construction Bonds.

(Continued)

NOTE 7 - LONG TERM LIABILITIES (Continued)

Proposition Z General Obligation Bond Authorization

On November 6, 2012, San Diego voters in San Diego approved Proposition Z, a $2.8 billion bond proposition that the District will use to maintain safe and productive learning environments for students. The bond is a Proposition 39 bond, which requires approval from at least 55 percent of voters to pass. The tax rate imposed to meet repayment of the proposed bonds will not exceed $60 per year per $100,000 of assessed valuation of taxable property. The District issued Series A through N totaling $2,650,000,000.

Measure YY General Obligation Bond Authorization

On November 6, 2018, San Diego voters in San Diego approved Measure YY, a $3.5 billion bond proposition that the District will use to maintain safe and productive learning environments for students. The bond is a Proposition 39 bond, which requires approval from at least 55 percent of voters to pass. The tax rate imposed to meet repayment of the proposed bonds will not exceed $60 per year per $100,000 of assessed valuation of taxable property. The District issued Series A through E totaling $1,245,000,000.

(Continued)

NOTE 7 - LONG TERM LIABILITIES (Continued)

The outstanding general obligation bonded debt, not including premium or discount, of the District at June 30, 2022 is summarized in the following:

Proposition MM

Series	Date of Issue	Interest Rate %	Maturity Date	Amount of Original Issue	Outstanding July 1, 2021	Issued/Accreted Current Year	Redeemed Current Year	Outstanding June 30, 2022	Amount due in One Year
1998, Series A	5/27/1999	4.20 - 5.34	2024	$ 139,995,085	$ 18,267,999	$ -	$ 6,180,731	$ 12,087,268	$ 6,084,650
A - Accreted interest		-	-	-	37,217,344	3,001,767	13,579,270	26,639,841	14,465,351
1998, Series B	12/14/2000	4.40-5.35	2025	149,999,084	-	-	-	-	-
1998, Series C	11/21/2001	2.95 - 5.00	2027	199,995,712	104,655,000	-	11,470,000	93,185,000	12,790,000
1998, Series D	9/12/2002	2.10 - 5.25	2026	274,995,346	87,910,000	-	12,725,000	75,185,000	14,160,000
1998, Series E	8/19/2003	1.90 - 5.25	2028	349,993,599	117,985,000	-	-	117,985,000	-
1998, Series F	9/2/2004	1.95 - 5.00	2029	199,996,373	53,625,000	-	-	53,625,000	-
1998 Series G	9/8/2005	3.00 - 5.00	2029	195,024,801	55,055,000	-	-	55,055,000	-
Subtotal of original issue before refunding				1,510,000,000	474,715,343	3,001,767	43,955,001	433,762,109	47,500,001
R-1 Refunding (various)	3/15/2012	2.00 - 5.00	2032	65,434,442	65,434,442	-	-	65,434,442	-
R-1 Refunding - Accreted interest		-	-	-	35,970,048	5,179,004	-	41,149,052	-
R-3 Refunding (various)	4/16/2014	2.00 - 5.00	2030	199,285,000	87,715,000	-	33,425,000	54,290,000	18,930,000
R-4 Refunding (various)	5/27/2015	2.00 - 5.00	2030	172,505,000	167,970,000	-	-	167,970,000	-
R-5 Refunding (various)	5/4/2016	4.00 - 5.00	2030	126,135,000	126,135,000	-	-	126,135,000	-
Total Proposition MM				$ 2,073,359,442	$ 957,939,833	$ 8,180,771	$ 77,380,001	$ 888,740,603	$ 66,430,001

(Continued)

NOTE 7 - LONG TERM LIABILITIES (Continued)

The outstanding general obligation bonded debt, not including premium or discount, of the District June 30, 2022 is summarized in the following:

Proposition S Series	Date of Issue	Interest Rate %	Maturity Date	Amount of Original Issue	Outstanding July 1, 2021	Issued/Accreted Current Year	Redeemed Current Year	Outstanding June 30, 2022	Amount due in One Year
2008, Series A	5/7/2009	2.52 - 6.19	2033	$ 131,157,581	$ 21,841,715	$ -	$ 1,937,527	$ 19,904,188	$ -
A - Accreted interest		-	-	-	25,362,462	3,021,927	1,892,315	26,492,074	-
2008, Series B QSCB	4/21/2009	-	2023	38,840,000	38,840,000	-	-	38,840,000	38,840,000
2008, Series C	8/18/2010	6.10 - 6.63	2051	163,869,783	112,548,275	-	-	112,548,275	-
C - Accreted interest		-	2051	-	108,973,121	14,991,266	-	123,964,387	-
2008, Series D QSCB	8/5/2010	5.26	2028	36,130,000	36,130,000	-	-	36,130,000	-
2008, Series E	5/24/2012	4.89 - 5.48	2052	149,998,825	149,998,825	-	-	149,998,825	-
E - Accreted interest		-	-	-	86,047,074	12,775,358	-	98,822,432	-
2008, Series F	4/16/2014	1.00-5.00	2017	15,095,000	-	-	-	-	-
2008, Series G	4/16/2014	5.18 - 5.58	2039	50,000,726	-	-	-	-	-
G - Accreted interest		-	-	-	-	-	-	-	-
2008, Series H	6/18/2015	0.50 - 5.00	2025	31,770,000	28,380,000	-	-	28,380,000	13,330,000
2008, Series I	12/2/2015	3.85 - 8.00	2040	99,999,241	84,397,611	-	-	84,397,611	-
I - Accreted interest	12/2/2015	-	-	-	18,781,847	4,240,686	-	23,022,533	-
2008, Series J	5/5/2016	0.52 - 5.00	2028	45,000,000	37,090,000	-	1,605,000	35,485,000	4,925,000
2008, Series K-1	12/12/2017	3.00 - 5.00	2020	23,460,000	-	-	-	-	-
2008, Series K-2	12/12/2017	3.28 - 3.97	2043	76,538,885	76,538,885	-	-	76,538,885	-
K - Accreted Interest	12/12/2017	-	-	-	9,198,736	3,247,878	-	12,446,614	-
2008, Series L-1	3/4/2021	0.10-4.00	2050	7,165,000	7,165,000	-	7,165,000	-	-
2008, Series L-2	3/4/2021	0.10-4.00	2050	117,835,000	117,835,000	-	16,815,000	101,020,000	8,440,000
Subtotal of original issue before refunding				986,860,041	959,128,551	38,277,115	29,414,842	967,990,824	65,535,000
2008, R-2 Refunding (various)	3/1/2012	6.625	2042	56,869,830	56,869,830	-	-	56,869,830	-
R-2 Refunding - accreted interest		-	-	-	44,011,814	3,421,559	-	47,433,373	-
2008, SR-1 Refunding	4/5/2016	3.00 - 5.00	2034	145,915,000	145,915,000	-	-	145,915,000	-
2008, Series SR-2	3/12/2020	2.40 - 2.84	2039	92,475,000	92,475,000	-	-	92,475,000	-
Total Proposition S				$ 1,282,119,871	$ 1,298,400,195	$ 41,698,674	$ 29,414,842	$ 1,310,684,027	$ 65,535,000

(Continued)

NOTE 7 - LONG TERM LIABILITIES (Continued)

The outstanding general obligation bonded debt, not including premium or discount, of the District June 30, 2022 is summarized in the following:

Proposition Z

Series	Date of Issue	Interest Rate %	Maturity Date	Amount of Original Issue	Outstanding July 1, 2021	Issued/Accreted Current Year	Redeemed Current Year	Outstanding June 30, 2022	Amount due in One Year
2012, Series A	4/30/2013	3.42	2014	$ 52,500,000	$ -	$ -	$ -	-	$ -
2012, Series A-1	4/30/2013	4.26	2014	3,000,000	-	-	-	-	-
2012, Series B	4/30/2013	1.212	2015	60,500,000	-	-	-	-	-
2012, Series C	4/30/2013	4.00 - 5.00	2029	414,000,000	400,235,000	-	370,235,000	30,000,000	-
2012, Series D	10/14/2015	4.5	2016	75,400,000	-	-	-	-	-
2012, Series E	10/14/2015	3.00-4.00	2018	78,955,000	-	-	-	-	-
2012, Series F	1/5/2016	4.285 - 5.00	2046	370,645,000	370,645,000	-	-	370,645,000	-
2012, Series G	1/5/2016	3.578 - 5.00	2046	100,000,000	100,000,000	-	-	100,000,000	-
2012, Series H-1	11/1/2017	1.25	2018	43,735,000	-	-	-	-	-
2012, Series H-2	11/1/2017	1.25 - 5.00	2021	176,265,000	-	-	-	-	-
2012, Series I	11/1/2017	3.846 - 5.00	2047	441,000,000	441,000,000	-	-	441,000,000	-
2012, Series J	11/1/2017	3.125 - 4.653	2041	59,000,000	59,000,000	-	-	59,000,000	-
2012, Series K-1 and K-2	10/30/2019	1.75 - 4.00	2022	123,365,000	68,445,000	-	68,445,000	-	-
2012, Series L	10/30/2019	4.00 - 5.00	2050	126,635,000	126,635,000	-	-	126,635,000	-
2012, Series M-1 and M-2	8/27/2020	0.23-5.00	2050	300,000,000	276,340,000	-	-	276,340,000	51,630,000
2012, Series N-1 and N-2	10/6/2021	0.016-5.00	2047	225,000,000	-	225,000,000	19,330,000	205,670,000	-
Subtotal of original issue before refunding				2,650,000,000	1,842,300,000	225,000,000	458,010,000	1,609,290,000	51,630,000
2012, Series ZR-1	10/6/2021	0.199-2.907	2043	401,380,000	-	401,380,000	-	401,380,000	8,580,000
Total Proposition Z				$ 3,051,380,000	$ 1,842,300,000	$ 626,380,000	$ 458,010,000	$ 2,010,670,000	$ 60,210,000

(Continued)

NOTE 7 - LONG TERM LIABILITIES (Continued)

The outstanding general obligation bonded debt, not including premium or discount, of the District June 30, 2022 is summarized in the following:

Measure YY

Series	Date of Issue	Interest Rate %	Maturity Date	Amount of Original Issue	Outstanding July 1, 2021	Issued/Accreted Current Year	Redeemed Current Year	Outstanding June 30, 2022	Amount Due in One Year
2018, Series A	5/6/2019	2.00 - 5.00	2021	$ 201,260,000	$ 113,705,000	$ -	$ 113,705,000	$ -	$ -
2018, Series B	5/6/2019	3.25	2048	48,740,000	48,740,000	-	-	48,740,000	-
2018, Series C-1 and C-2	10/30/2019	1.75 - 5.00	2050	100,000,000	92,170,000	-	-	92,170,000	-
2018, Series D-1 and D-2	8/27/2020	0.23-5.00	2050	545,000,000	496,935,000	-	-	496,935,000	104,850,000
2018, Series E-1 and E-2	10/6/2021	0.016-5.00	2051	350,000,000	-	350,000,000	28,620,000	321,380,000	-
Total Measure YY				$ 1,245,000,000	$ 751,550,000	$ 350,000,000	$ 142,325,000	$ 959,225,000	$ 104,850,000

(Continued)

NOTE 7 - LONG TERM LIABILITIES (Continued)

The annual requirements to amortize the General Obligation Bonds payable and outstanding as of June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest	Accreted Interest	Total
2023	$ 282,559,650	$ 154,062,277	$ 14,465,350	$ 451,087,277
2024	243,757,619	150,497,882	15,367,381	409,622,882
2025	108,115,000	141,975,611	-	250,090,611
2026	122,115,000	136,487,372	-	258,602,372
2027	138,795,000	130,294,937	-	269,089,937
2028-2032	715,986,925	573,872,705	197,913,075	1,487,772,705
2033-2037	669,139,155	592,488,341	214,595,845	1,476,223,341
2038-2042	795,034,848	477,908,038	402,390,152	1,675,333,038
2043-2047	931,684,919	270,753,013	360,800,082	1,563,238,014
2048-2052	762,161,208	67,830,120	353,715,482	1,183,706,810
	$ 4,769,349,324	$ 2,696,170,296	$ 1,559,247,367	$ 9,024,766,987

1998 Series A: Capital appreciation bonds were issued as part of the Series A issuance with maturity dates from July 1, 2004 through 2023. Prior to their applicable maturity dates, each capital appreciation bond will accrete interest on the principal component, with all interest accreting through the applicable maturity date and payable only upon maturity or prior payment of the principal component. Future accreted interest accruals of $3,192,890 have not been reflected in the long term liabilities balance in the schedule above.

The annual payments required to amortize the Election of 1998, Series A, General Obligation Bonds outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2023	$ 6,084,650	$ 14,465,350	$ 20,550,000
2024	6,002,618	15,367,382	21,370,000
	$ 12,087,268	$ 29,832,732	$ 41,920,000

(Continued)

NOTE 7 - LONG TERM LIABILITIES (Continued)

1998 Series C: The annual payments required to amortize the Election of 1998, Series C, General Obligation Bonds outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2023	$ 12,790,000	$ 4,773,450	$ 17,563,450
2024	14,210,000	4,030,950	18,240,950
2025	19,015,000	3,117,263	22,132,263
2026	20,960,000	2,017,950	22,977,950
2027	26,210,000	720,775	26,930,775
	$ 93,185,000	$ 14,660,388	$ 107,845,388

1998 Series D: The annual payments required to amortize the Election of 1998, Series D, General Obligation Bonds outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2023	$ 14,160,000	$ 3,745,775	$ 17,905,775
2024	15,705,000	2,924,487	18,629,487
2025	21,575,000	1,899,288	23,474,288
2026	23,745,000	652,988	24,397,988
	$ 75,185,000	$ 9,222,538	$ 84,407,538

1998 Series E: The annual payments required to amortize the Election of 1998, Series E, General Obligation Bonds outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2023	$ -	$ 6,489,175	$ 6,489,175
2024	-	6,489,175	6,489,175
2025	11,620,000	6,169,625	17,789,625
2026	24,680,000	5,171,375	29,851,375
2027	33,990,000	3,557,950	37,547,950
2028-2029	47,695,000	1,311,613	49,006,613
	$ 117,985,000	$ 29,188,913	$ 147,173,913

NOTE 7 - LONG TERM LIABILITIES (Continued)

1998 Series F: The annual payments required to amortize the Election of 1998, Series F, General Obligation Bonds outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2023	$ -	$ 2,815,312	$ 2,815,312
2024	-	2,815,313	2,815,313
2025	-	2,815,313	2,815,313
2026	-	2,815,313	2,815,313
2027	-	2,815,312	2,815,312
2028-2029	53,625,000	3,426,281	57,051,281
	$ 53,625,000	$ 17,502,844	$ 71,127,844

1998 Series G: The annual payments required to amortize the Election of 1998, Series G, General Obligation Bonds outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2023	$ -	$ 2,890,387	$ 2,890,387
2024	-	2,890,387	2,890,387
2025	-	2,890,388	2,890,388
2026	-	2,890,388	2,890,388
2027	-	2,890,387	2,890,387
2028-2029	55,055,000	3,558,844	58,613,844
	$ 55,055,000	$ 18,010,781	$ 73,065,781

1998 Refunding, Series R-1: The District issued the 1998 Refunding, Series R-1 bonds to refund certain portions of 1998, Series A, B, C, D, E, F and G general obligation bonds. Capital appreciation bonds were issued as part of Series R-1 issuance. Prior to their applicable maturity dates, each capital appreciation bond will accrete interest on the principal component, with all interest accreting through the applicable maturity date and payable only upon maturity or prior payment of the principal component. Future accreted interest accruals of $58,106,506 have not been reflected in the long term liabilities balance in the schedule above.

The annual payments required to amortize the Election of 1998, Series R-1, General Obligation Bonds outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2028-2032	$ 65,434,442	$ 99,255,558	$ 164,690,000

NOTE 7 - LONG TERM LIABILITIES (Continued)

1998 R-3 Refunding: The District issued the 1998 Refunding, Series R-3 bonds to refund certain portions of 1998, Series B, C, E, F and G general obligation bonds. The annual payments required to amortize the Election of 1998, Series R-3, General Obligation Bonds outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2023	$ 18,930,000	$ 2,241,250	$ 21,171,250
2024	19,895,000	1,270,625	21,165,625
2025	12,050,000	472,000	12,522,000
2026	730,000	152,500	882,500
2027	-	134,250	134,250
2028-2030	2,685,000	335,625	3,020,625
	$ 54,290,000	$ 4,606,250	$ 58,896,250

1998 R-4 Refunding: The District issued the 1998 Refunding, Series R-4 bonds to refund certain portions of 1998, Series A, B, D, E and G general obligation bonds.

The annual payments required to amortize the Election of 1998, Series R-4, General Obligation Bonds outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2023	$ -	$ 8,093,625	$ 8,093,625
2024	-	8,093,625	8,093,625
2025	18,465,000	7,637,100	26,102,100
2026	20,690,000	6,665,325	27,355,325
2027	32,245,000	5,350,700	37,595,700
2028-2030	96,570,000	4,880,188	101,450,188
	$ 167,970,000	$ 40,720,563	$ 208,690,563

(Continued)

NOTE 7 - LONG TERM LIABILITIES (Continued)

1998 R-5 Refunding: The District issued the 1998 Refunding, Series R-5 bonds to refund certain portions of 1998, Series F-1 Bonds and 1998, Series G-1.

The annual payments required to amortize the Election of 1998, Series R-5, General Obligation Bonds outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2023	$ -	$ 5,927,250	$ 5,927,250
2024	-	5,927,250	5,927,250
2025	-	5,927,250	5,927,250
2026	1,505,000	5,889,625	7,394,625
2027	18,220,000	5,396,500	23,616,500
2028-2030	106,410,000	12,352,500	118,762,500
	$ 126,135,000	$ 41,420,375	$ 167,555,375

2008 Series A: Capital appreciation bonds were issued as part of Series A issuance. Prior to their applicable maturity dates, each capital appreciation bond will accrete interest on the principal component, with all interest accreting through the applicable maturity date and payable only upon maturity or prior payment of the principal component. Future accreted interest accruals of $33,753,738 have not been reflected in the long-term liabilities balance in the schedule above.

The annual payments required to amortize the Election of 2008, Series A, General Obligation Bonds outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Accreted Interest	Total Debt Service
2028-2032	$ 19,904,188	$ 60,245,812	$ 80,150,000

2008 Series B

Qualified School Construction Bonds - The QSCBs are tax credit bonds within the meaning of Section 54F of the Internal Revenue Code (the Code), and accordingly the QSCBs do not bear interest to be paid by the District. The owners of the QSCBs will be allowed a credit under the Code against their Federal income tax liability. Proceeds from the sale of QSCBs are restricted to the uses prescribed for bonds designated as QSCBs under Section 54F of the Code.

NOTE 7 - LONG TERM LIABILITIES (Continued)

The District issued $38,840,000 of Qualified School Construction Bonds (QSCBs) on April 21, 2009, pursuant to an authorization granted by voters of the District on November 4, 2008. The QSCBs were issued simultaneously with the District's 2010 General Obligation Bonds in order to fund projects authorized under Proposition S. The QSCBs are payable from ad valorem taxes upon all property subject to taxation by the District.

The annual payments required to amortize the Election of 2008, Series B, General Obligation Bonds outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2023	$ 38,840,000	$ -	$ 38,840,000

2008 Series C: Capital appreciation bonds were issued as part of Series C issuance. Prior to their applicable maturity dates, each capital appreciation bond will accrete interest on the principal component, with all interest accreting through the applicable maturity date and payable only upon maturity or prior payment of the principal component. Future accreted interest accruals of $480,337,337 have not been reflected in the long term liabilities balance in the schedule above.

The annual payments required to amortize the Election of 2008, Series C, General Obligation Bonds outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2028-2032	$ 12,408,238	$ 37,997,731	$ 50,405,969
2033-2037	21,549,668	107,691,894	129,241,562
2038-2042	29,898,981	189,917,581	219,816,562
2043-2047	23,854,846	271,816,717	295,671,563
2048-2051	24,836,542	97,917,002	122,753,544
	$ 112,548,275	$ 705,340,925	$ 817,889,200

2008 Series D

Qualified School Construction Bonds - The QSCBs are tax credit bonds within the meaning of Section 54F of the Internal Revenue Code (the Code), and accordingly the QSCBs do not bear interest to be paid by the District. The owners of the QSCBs will be allowed a credit under the Code against their Federal income tax liability. Proceeds from the sale of QSCBs are restricted to the uses prescribed for bonds designated as QSCBs under Section 54F of the Code.

The District issued $36,130,000 of Qualified School Construction Bonds (QSCBs) on August 5, 2010, pursuant to an authorization granted by voters of the District on November 4, 2008. The QSCBs were issued simultaneously with the District's 2010 General Obligation Bonds in order to fund projects authorized under Proposition S. The QSCBs are payable from ad valorem taxes upon all property subject to taxation by the District.

(Continued)

NOTE 7 - LONG TERM LIABILITIES (Continued)

The annual payments required to amortize the Election of 2008, Series D, General Obligation Bonds outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2023	$ -	$ 1,900,438	$ 1,900,438
2024	-	1,900,438	1,900,438
2025	7,000,000	1,900,438	8,900,438
2026	8,000,000	1,900,438	9,900,438
2027	10,000,000	1,900,438	11,900,438
2028	11,130,000	950,219	12,080,219
	$ 36,130,000	$ 10,452,409	$ 46,582,409

2008 Series E: Capital appreciation bonds were issued as part of Series E issuance. Prior to their applicable maturity dates, each capital appreciation bond will accrete interest on the principal component, with all interest accreting through the applicable maturity date and payable only upon maturity or prior payment of the principal component. Future accreted interest accruals of $360,623,744 have not been reflected in the long term liabilities balance in the schedule above.

The annual payments required to amortize the Election of 2008, Series E, General Obligation Bonds outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2033-2037	$ 23,027,018	$ 110,750,927	$ 133,777,945
2038-2042	18,560,096	94,946,210	113,506,306
2043-2047	57,247,045	144,763,212	202,010,257
2048-2052	51,164,666	263,553,117	314,717,783
	$ 149,998,825	$ 614,013,466	$ 764,012,291

NOTE 7 - LONG TERM LIABILITIES (Continued)

2008 Series H: The annual payments required to amortize the Election of 2008, Series H, General Obligation Bonds outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2023	$ 13,330,000	$ 979,850	$ 14,309,850
2024	14,605,000	351,175	14,956,175
2025	445,000	8,900	453,900
	$ 28,380,000	$ 1,339,925	$ 29,719,925

2008 Series I: Capital appreciation bonds were issued as part of Series I issuance. Prior to their applicable maturity dates, each capital appreciation bond will accrete interest on the principal component, with all interest accreting through the applicable maturity date and payable only upon maturity or prior payment of the principal component. Future accreted interest accruals of $85,184,856 have not been reflected in the long term liabilities balance in the schedule above.

The annual payments required to amortize the Election of 2008, Series I, General Obligation Bonds outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2033-2037	$ 54,084,115	$ 61,140,885	$ 115,225,000
2038-2040	30,313,496	47,066,504	77,380,000
	$ 84,397,611	$ 108,207,389	$ 192,605,000

2008 Series J: The annual payments required to amortize the Election of 2008, Series J, General Obligation Bonds outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2023	$ 4,925,000	$ 1,505,150	$ 6,430,150
2024	4,850,000	1,285,400	6,135,400
2025	11,180,000	909,650	12,089,650
2026	10,640,000	414,150	11,054,150
2027	2,135,000	130,450	2,265,450
2028-2029	1,755,000	43,875	1,798,875
	$ 35,485,000	$ 4,288,675	$ 39,773,675

(Continued)

NOTE 7 - LONG TERM LIABILITIES (Continued)

2008 Series K-2: Capital appreciation bonds were issued as part of Series K-2 issuance. Prior to their applicable maturity dates, each capital appreciation bond will accrete interest on the principal component, with all interest accreting through the applicable maturity date and payable only upon maturity or prior payment of the principal component. Future accreted interest accruals of $62,219,501 have not been reflected in the long term liabilities balance in the schedule above.

Year Ending June 30,	Principal	Interest	Total Debt Service
2030-2032	$ 16,325,058	$ 9,004,942	$ 25,330,000
2033-2037	31,773,354	26,936,646	58,710,000
2038-2042	22,757,445	29,487,555	52,245,000
2043	5,683,028	9,236,972	14,920,000
	$ 76,538,885	$ 74,666,115	$ 151,205,000

2008 Series L-2: The annual payments required to amortize the Election of 2008, Series L-2, General Obligation Bonds outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2023	$ 8,440,000	$ 2,788,745	$ 11,228,745
2024	-	2,619,945	2,619,945
2025	340,000	2,613,145	2,953,145
2026	470,000	2,596,945	3,066,945
2027	610,000	2,575,345	3,185,345
2028-2032	5,575,000	12,330,825	17,905,825
2033-2037	11,005,000	10,701,625	21,706,625
2038-2042	18,200,000	7,899,831	26,099,831
2043-2047	27,160,000	4,985,802	32,145,802
2048-2051	29,220,000	1,397,595	30,617,595
	$ 101,020,000	$ 50,509,803	$ 151,529,803

(Continued)

NOTE 7 - LONG TERM LIABILITIES (Continued)

2008 R-2 Refunding: The District issued the 2008 Refunding, Series R-2 bonds to refund certain portions of 2008, Series C general obligation bonds. Capital appreciation bonds were issued as part of R-2 Refunding issuance. Prior to their applicable maturity dates, each capital appreciation bond will accrete interest on the principal component, with all interest accreting through the applicable maturity date and payable only upon maturity or prior payment of the principal component. Future accreted interest accruals of $83,076,797 have not been reflected in the long term liabilities balance in the schedule above.

The annual payments required to amortize the Election of 2008, Series R-2, General Obligation Bonds outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2031-2032	$ -	$ 18,620,888	$ 18,620,888
2033-2037	-	62,069,625	62,069,625
2038-2042	56,869,830	179,755,120	236,624,950
	$ 56,869,830	$ 260,445,633	$ 317,315,463

2008 SR-1 Refunding: The District issued the 2008 Refunding, Series SR-1 bonds to refund certain portions of 2008, Series A general obligation bonds in the amount of $73,168,837.

The annual payments required to amortize the Election of 2008, Series SR-1, General Obligation Bonds outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2023	$ -	$ 5,692,600	$ 5,692,600
2024	-	5,692,600	5,692,600
2025	-	5,692,600	5,692,600
2026	-	5,692,600	5,692,600
2027	-	5,692,600	5,692,600
2028-2032	45,565,000	26,875,150	72,440,150
2033-2034	100,350,000	3,736,000	104,086,000
	$ 145,915,000	$ 59,074,150	$ 204,989,150

(Continued)

NOTE 7 - LONG TERM LIABILITIES (Continued)

2008 SR-2 Refunding: The District issued the 2008 Refunding, Series SR-2 bonds to refund certain portions of 2008, Series G general obligation bonds in the amount of $50,000,726.

The annual payments required to amortize the Election of 2008, Series SR-2, General Obligation Bonds outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2023	$ -	$ 2,509,869	$ 2,509,869
2024	-	2,509,869	2,509,869
2025	-	2,509,869	2,509,869
2026	-	2,509,869	2,509,869
2027	-	2,509,869	2,509,869
2028-2032	1,950,000	12,525,945	14,475,945
2033-2037	56,765,000	9,202,408	65,967,408
2038-2039	33,760,000	973,473	34,733,473
	$ 92,475,000	$ 35,251,171	$ 127,726,171

2012 Series C: The annual payments required to amortize the Election of 2012, Series C, General Obligation Bonds outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2023	$ -	$ 1,374,100	$ 1,374,100
2024	3,135,000	1,327,075	4,462,075
2025	3,770,000	1,185,800	4,955,800
2026	4,520,000	978,550	5,498,550
2027	5,320,000	732,550	6,052,550
2028-2029	13,255,000	608,325	13,863,325
	$ 30,000,000	$ 6,206,400	$ 36,206,400

NOTE 7 - LONG TERM LIABILITIES (Continued)

2012 Series F: The annual payments required to amortize the Election of 2012, Series F, General Obligation Bonds outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2023	$ -	$ 8,532,421	$ 8,532,421
2024	-	16,621,100	16,621,100
2025	-	16,621,100	16,621,100
2026	-	16,621,100	16,621,100
2027	995,000	16,596,225	17,591,225
2028-2032	22,175,000	80,723,625	102,898,625
2033-2037	59,555,000	71,977,550	131,532,550
2038-2042	110,765,000	52,397,250	163,162,250
2043-2046	177,155,000	16,692,100	193,847,100
	$ 370,645,000	$ 296,782,471	$ 667,427,471

2012 Series G: The annual payments required to amortize the Election of 2012, Series G, General Obligation Bonds outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2023	$ -	$ 4,176,981	$ 4,176,981
2024	-	4,176,981	4,176,981
2025	-	4,176,981	4,176,981
2026	-	4,176,981	4,176,981
2027	555,000	4,165,882	4,720,882
2028-2032	7,410,000	20,274,800	27,684,800
2033-2037	17,150,000	18,180,428	35,330,428
2038-2042	30,105,000	12,687,825	42,792,825
2043-2046	44,780,000	3,939,400	48,719,400
	$ 100,000,000	$ 75,956,259	$ 175,956,259

NOTE 7 - LONG TERM LIABILITIES (Continued)

2012 Series I: The annual payments required to amortize the Election of 2012, Series I, General Obligation Bonds outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2023	$ -	$ 18,744,450	$ 18,744,450
2024	-	18,744,450	18,744,450
2025	-	18,744,450	18,744,450
2026	-	18,744,450	18,744,450
2027	-	18,744,450	18,744,450
2028-2032	10,680,000	93,455,250	104,135,250
2033-2037	78,060,000	83,077,825	161,137,825
2038-2042	79,505,000	66,451,725	145,956,725
2043-2047	205,600,000	39,186,025	244,786,025
2048	67,155,000	1,425,550	68,580,550
	$ 441,000,000	$ 377,318,625	$ 818,318,625

2012 Series J: The annual payments required to amortize the Election of 2012, Series J, General Obligation Bonds outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2023	$ -	$ 2,304,200	$ 2,304,200
2024	-	2,304,200	2,304,200
2025	-	2,304,200	2,304,200
2026	2,940,000	2,260,100	5,200,100
2027	3,520,000	2,145,600	5,665,600
2028-2032	25,540,000	7,071,475	32,611,475
2033-2037	-	4,218,750	4,218,750
2038-2041	27,000,000	2,109,375	29,109,375
	$ 59,000,000	$ 24,717,900	$ 83,717,900

(Continued)

NOTE 7 - LONG TERM LIABILITIES (Continued)

2012, Series K-1, K-2 and L: The annual payments required to amortize the Election of 2012, Series K-1, K-2 and L, General Obligation Bonds outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2023	$ -	$ 5,137,750	$ 5,137,750
2024	-	5,137,750	5,137,750
2025	-	5,137,750	5,137,750
2026	-	5,137,750	5,137,750
2027	-	5,137,750	5,137,750
2028-2032	2,555,000	25,493,125	28,048,125
2033-2037	9,375,000	24,082,600	33,457,600
2038-2042	16,665,000	21,374,500	38,039,500
2043-2047	41,765,000	16,236,100	58,001,100
2048-2050	56,275,000	3,670,900	59,945,900
	$ 126,635,000	$ 116,545,975	$ 243,180,975

2012, Series M-1 and M-2: The annual payments required to amortize the Election of 2012, Series M-1 and M-2, General Obligation Bonds outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2023	$ 51,630,000	$ 8,879,150	$ 60,509,150
2024	-	7,588,400	7,588,400
2025	-	7,588,400	7,588,400
2026	-	7,588,400	7,588,400
2027	-	7,588,400	7,588,400
2028-2032	-	37,942,000	37,942,000
2033-2037	-	37,942,000	37,942,000
2038-2042	-	37,942,000	37,942,000
2043-2047	-	37,942,000	37,942,000
2048-2051	224,710,000	24,589,400	249,299,400
	$ 276,340,000	$ 215,590,150	$ 491,930,150

(Continued)

NOTE 7 - LONG TERM LIABILITIES (Continued)

2012 Series N-1 and N-2: The annual payments required to amortize the Election of 2012, Series N-1 and N-2, General Obligation Bonds outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2023	$ -	$ 8,561,350	$ 8,561,350
2024	63,455,000	6,974,975	70,429,975
2025	-	5,388,600	5,388,600
2026	-	5,388,600	5,388,600
2027	-	5,388,600	5,388,600
2028-2032	-	26,943,000	26,943,000
2033-2037	-	26,943,000	26,943,000
2038-2042	-	26,943,000	26,943,000
2043-2047	142,215,000	16,997,250	159,212,250
	$ 205,670,000	$ 129,528,375	$ 335,198,375

2012 Series ZR-1: The District issued the 2012 Refunding, Series ZR-1 bonds to refund certain portions of 2012, Series C general obligation bonds in the amount of $370,235,000. On June 30, 2022, $370,235,000 of bonds outstanding are considered defeased.

Although the advance refunding resulted in the recognition of an accounting loss of $29,720,630 for the year ended June 30, 2022, the District in effect reduced its aggregate debt service payments by $66,654,143 over the next 21 years and obtained an economic gain of $46,569,202.

Calculation of difference in cash flow requirements and economic gain are as follows:

Calculation of Cash Flow Savings:

Old debt service cash flows	$ 632,294,150
New debt service cash flows	565,640,007
Total cash flow difference	$ 66,654,143

Calculation of Economic Gain:

Present value of old debt service cash flows	$ 447,949,202
Present value of new debt service cash flows	401,380,000
Economic gain	$ 46,569,202

NOTE 7 - LONG TERM LIABILITIES (Continued)

The annual payments required to amortize the Election of 2012, Series ZR-1, General Obligation Bonds outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2023	$ 8,580,000	$ 10,143,198	$ 18,723,198
2024	-	10,134,661	10,134,661
2025	2,655,000	10,125,953	12,780,953
2026	2,275,000	10,106,426	12,381,426
2027	2,915,000	10,078,104	12,993,104
2028-2032	48,640,000	48,754,185	97,394,185
2033-2037	100,785,000	40,440,924	141,225,924
2038-2042	186,805,000	21,794,390	208,599,390
2043	48,725,000	708,218	49,433,218
	$ 401,380,000	$ 162,286,059	$ 563,666,059

2018 Series B: The annual payments required to amortize the Election of 2018, Series B, General Obligation Bonds outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2023	$ -	$ 1,584,050	$ 1,584,050
2024	-	1,584,050	1,584,050
2025	-	1,584,050	1,584,050
2026	-	1,584,050	1,584,050
2027	-	1,584,050	1,584,050
2028-2032	-	7,920,250	7,920,250
2033-2037	-	7,920,250	7,920,250
2038-2042	-	7,920,250	7,920,250
2043-2047	27,050,000	6,646,250	33,696,250
2048	21,690,000	717,763	22,407,763
	$ 48,740,000	$ 39,045,013	$ 87,785,013

(Continued)

NOTE 7 - LONG TERM LIABILITIES (Continued)

2018 Series C-1 and C-2: The annual payments required to amortize the Election of 2018, Series C-1 and C-2, General Obligation Bonds outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2023	$ -	$ 3,530,200	$ 3,530,200
2024	-	3,530,200	3,530,200
2025	-	3,530,200	3,530,200
2026	-	3,530,200	3,530,200
2027	360,000	3,523,000	3,883,000
2028-2032	4,715,000	17,097,125	21,812,125
2033-2037	11,275,000	15,199,300	26,474,300
2038-2042	20,105,000	12,094,475	32,199,475
2043-2047	30,440,000	8,010,200	38,450,200
2048-2050	25,275,000	1,582,900	26,857,900
	$ 92,170,000	$ 71,627,800	$ 163,797,800

2018 Series D-1 and D-2: The annual payments required to amortize the Election of 2018, Series D-1 and D-2, General Obligation Bonds outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2023	$ 104,850,000	$ 15,598,550	$ 120,448,550
2024	-	12,977,300	12,977,300
2025	-	12,977,300	12,977,300
2026	-	12,977,300	12,977,300
2027	145,000	12,975,125	13,120,125
2028-2032	9,585,000	64,238,000	73,823,000
2033-2037	53,505,000	59,104,950	112,609,950
2038-2042	113,725,000	44,443,125	158,168,125
2043-2047	100,010,000	30,298,850	130,308,850
2048-2051	115,115,000	9,811,300	124,926,300
	$ 496,935,000	$ 275,401,800	$ 772,336,800

(Continued)

NOTE 7 - LONG TERM LIABILITIES (Continued)

2018 Series E-1 and E-2: The annual payments required to amortize the Election of 2018, Series E-1 and E-2, General Obligation Bonds outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
2023	$ -	$ 13,143,000	$ 13,143,000
2024	101,900,000	10,595,500	112,495,500
2025	-	8,048,000	8,048,000
2026	960,000	8,024,000	8,984,000
2027	1,575,000	7,960,625	9,535,625
2028-2032	29,345,000	37,548,625	66,893,625
2033-2037	40,880,000	25,766,600	66,646,600
2038-2042	-	24,094,000	24,094,000
2043-2047	-	24,094,000	24,094,000
2048-2051	146,720,000	16,880,075	163,600,075
	$ 321,380,000	$ 176,154,425	$ 497,534,425

Lease Liabilities: The District is obligated under leases covering certain vehicles and IT equipment that expire at various dates during the next 5 years. The district is a lessee for a non-cancellable lease of vehicles and equipment. Most leases have initial terms of 5 years, and contain an option to purchase at the end of the term. The District's leases generally do not include termination options for either party to the lease or restrictive financial or other covenants. The District's lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in the District's leases is not readily determinable, the District utilizes its incremental borrowing rate to discount the lease payments.

The annual payments required to amortize the lease liabilities outstanding as of June 30, 2022, are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 339,612	$ 23,591	$ 363,203
2024	369,852	14,853	384,705
2025	394,050	4,476	398,526
2026	3,908	94	4,002
2027	1,329	9	1,338
	$ 1,108,751	$ 43,023	$ 1,151,774

NOTE 8 - FUND BALANCES

Fund balances were composed of the following at June 30, 2022:

	General Fund	Building Fund	Special Reserve for Capital Outlay Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
Nonspendable:						
Revolving cash	$ 54,000	$ -	$ -	$ -	$ -	$ 54,000
Prepaid expenditures	276,391	-	-	-	1,020	277,411
Stores inventory	4,123,803	-	-	-	154,659	4,278,462
Total nonspendable	4,454,194	-	-	-	155,679	4,609,873
Restricted:						
Legally restricted programs:						
Grants	98,855,868	-	-	-	-	98,855,868
Cafeteria operations	-	-	-	-	52,804,707	52,804,707
Special revenues	-	-	-	-	2,571,858	2,571,858
Student body activities	-	-	-	-	6,995,629	6,995,629
Capital projects	-	975,709,598	14,100,525	-	158,289,890	1,148,100,013
Debt service	-	-	-	511,084,687	-	511,084,687
Total restricted	98,855,868	975,709,598	14,100,525	511,084,687	220,662,084	1,820,412,762
Assigned:						
Reserve for FY 2022-23 deficit	75,864,661	-	-	-	-	75,864,661
School site ending balances	3,366,673	-	-	-	-	3,366,673
Retiree benefits	3,819,683	-	-	-	-	3,819,683
Total assigned	83,051,017	-	-	-	-	83,051,017
Unassigned:						
Reserve for economic uncertainties	33,682,000	-	-	-	-	33,682,000
Total unassigned	33,682,000	-	-	-	-	33,682,000
Total	$ 220,043,079	$ 975,709,598	$ 14,100,525	$ 511,084,687	$ 220,817,763	$ 1,941,755,652

NOTE 9 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN

General Information about the State Teachers' Retirement Plan

Plan Description: Teaching-certified employees of the District are provided with pensions through the State Teachers' Retirement Plan (STRP) – a cost-sharing multiple-employer defined benefit pension plan administered by the California State Teachers' Retirement System (CalSTRS). The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan and CalSTRS as the administrator. The benefit terms of the plans may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at http://www.calstrs.com/comprehensive-annual-financial-report.

Benefits Provided: The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

The Defined Benefit (DB) Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas which are noted below.

CalSTRS 2% at 60 - CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, up to the 2.4 percent maximum.

CalSTRS calculates retirement benefits based on a one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elected to pay the additional benefit cost prior to January 1, 2014. One-year final compensation means a member's highest average annual compensation earnable for 12 consecutive months calculated by taking the creditable compensation that a member could earn in a school year while employed on a fulltime basis, for a position in which the person worked. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months of credited service.

CalSTRS 2% at 62 - CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for any 36 consecutive months of credited service.

(Continued)

NOTE 9 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Contributions: Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014, and various subsequent legislation.

The CalSTRS Funding Plan established a schedule of contribution rate increases shared among members, employers, and the State of California to bring CalSTRS toward full funding by fiscal year 2046. California Senate Bill 90 and California Assembly Bill 84 (collectively the "Special Legislation"), were signed into law in June 2019 and June 2020, respectively, and provided supplemental contributions to the DB Program along with supplemental contribution rate relief to employers through fiscal year 2021–22.

A summary of statutory contribution rates and other sources of contributions to the DB Program pursuant to the CalSTRS Funding Plan, SB 90 and SB84, are as follows:

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.250 percent of applicable member earnings for fiscal year 2021-22. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 10.205 percent of applicable member earnings for fiscal year 2021-22.

Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 10.205 percent of applicable member earnings for fiscal year June 30, 2022. According to current law, the contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1 percent since the last time the member contribution rate was set. Based on the June 30, 2020, valuation adopted by the board in June 2021, the increase in normal cost was less than 1 percent. Therefore, the contribution rate for CalSTRS 2% at 62 members did not change effective July 1, 2021.

Employers – 16.920 percent of applicable member earnings. This rate reflects the original employer contribution rate of 19.10 percent resulting from the CalSTRS Funding Plan, and subsequently reduced for the 2.18 percent to be paid on behalf of employers pursuant to the Special Legislation.

Beginning in fiscal year 2021–22, the CalSTRS Funding Plan authorizes the board to adjust the employer supplemental contribution rate up or down by a maximum of 1% for a total rate of no higher than 20.25% and no lower than 8.25%. In June 2021, the CalSTRS board voted to keep the employer supplemental contribution rate the same for fiscal year 2021–22; it remained at 10.85% effective July 1, 2021.

Through the Special Legislation approved in June 2019 and June 2020, the State made supplemental contributions of approximately $2.2 billion to CalSTRS on behalf of employers to supplant the amounts submitted by employers for fiscal years 2019–20 through 2021–22. Specifically, employers will remit 1.03%, 2.95% and 2.18% less than is required by the CalSTRS Funding Plan for fiscal years 2019–20, 2020–21 and 2021–22, respectively.

(Continued)

NOTE 9 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

The CalSTRS employer contribution rates effective for fiscal year 2021-22 through fiscal year 2046-47 are summarized in the table below:

Effective Date	Base Rate	Rate Per CalSTRS Funding Plan	Supplemental Adjustment Per Special Legislation	Rate Total
July 1, 2021	8.250%	10.850%	(2.180%)	16.920%
July 1, 2022 to June 30, 2046	8.250%	(1)	N/A	(1)
July 1, 2046	8.250%	Increase from AB 1469 rate ends in 2046-47		

(1) The CalSTRS Funding Plan authorizes the board to adjust the employer contribution rate up or down by up to 1% each year, but no higher than 20.250% total and no lower than 8.250%.

The District contributed $110,428,011 to the plan for the fiscal year ended June 30, 2022.

State – 10.828 percent of the members' calculated based on creditable compensation from two fiscal years prior.

The state is required to contribute a base contribution rate set in statute at 2.017%. Pursuant to the CalSTRS Funding Plan, the state also has a supplemental contribution rate, which the board can increase by up to 0.5% each fiscal year to help eliminate the state's share of the CalSTRS unfunded actuarial obligation by 2046. In June 2021, the board approved an increase of 0.5% for fiscal year 2021–22, which will increase the state supplemental contribution rate to 6.311% effective July 1, 2021.

Special legislation appropriated supplemental state contributions to reduce the state's portion of the unfunded actuarial obligation of the DB Program in fiscal years 2019-20 through 2022-23. These contributions are funded from future excess General Fund revenues, pursuant to the requirements of California Proposition 2, Rainy-Day Budget Stabilization Fund Act, which passed in 2014. Accordingly, the contribution amounts are subject to change each year based on the availability of funding. For fiscal year 2020–21, CalSTRS received $297.0 million in supplemental state contributions from Proposition 2 funds. Of this total, approximately $170.0 million is designated to cover forgone contributions due to the suspension of the 0.5% increase to the state supplemental contribution rate in fiscal year 2020–21. The remaining $127.0 million is designated to reduce the state's share of CalSTRS' unfunded actuarial obligation.

NOTE 9 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

The CalSTRS state contribution rates effective for fiscal year 2021-22 and beyond are summarized in the table below.

Effective Date	Base Rate	Supplemental Rate Per CalSTRS Funding Plan	SBMA Funding[1]	Total
July 01, 2021	2.017%	6.311%	2.50%	10.828%
July 01, 2022 to June 30, 2046	2.017%	(2)	2.50%	(2)
July 01, 2046	2.017%	(3)	2.50%	(3)

(1) The SBMA contribution rate excludes the $72 million that is reduced from the required contribution in accordance with Education Code section 22954.
(2) The board has limited authority to adjust the state contribution rate annually through June 2046 in order to eliminate the remaining unfunded actuarial obligation. The board cannot increase the supplemental rate by more than 0.5% in a fiscal year, and if there is no unfunded actuarial obligation, the supplemental contribution rate imposed would be reduced to 0%.
(3) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining unfunded actuarial obligation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	$ 428,698,000
State's proportionate share of the net pension liability associated with the District	255,066,000
Total	$ 683,764,000

The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts and the State. At June 30, 2021, the District's proportion was 0.942 percent, which was a decrease of 0.082 percent from its proportion measured as of June 30, 2020.

NOTE 9 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

For the year ended June 30, 2022, the District recognized pension expense of $45,260,254 and revenue of $71,652,851 for support provided by the State. 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	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,074,000	$ 45,622,000
Changes of assumptions	60,742,000	-
Net differences between projected and actual earnings on investments	-	339,111,000
Changes in proportion and differences between District contributions and proportionate share of contributions	1,858,000	110,047,000
Contributions made subsequent to measurement date	110,428,011	-
Total	$ 174,102,011	$ 494,780,000

$110,428,011 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources (deferred inflows of resources) related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2023	$ (93,807,483)
2024	$ (81,055,484)
2025	$ (109,908,484)
2026	$ (113,521,483)
2027	$ (17,989,233)
2028	$ (14,823,833)

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2021 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

NOTE 9 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Actuarial Methods and Assumptions: The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021 . The financial reporting actuarial valuation as of June 30, 2020, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2020
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB, maintain 85% Purchasing power level for DB, not applicable for DBS/CBB

Discount Rate: The discount rate used to measure the total pension liability was 7.10 percent, which was unchanged from the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Mortality: CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

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. The best estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process.

(Continued)

NOTE 9 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

The actuarial investment rate of return assumption was adopted by the CalSTRS board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term* Expected Real Rate of Return
Global Equity	47%	4.8%
Fixed Income	12	1.3
Real Estate Assets	13	3.6
Private Equity	13	6.3
Absolute Return / Risk Mitigating Strategies	9	1.8
Inflation Sensitive	4	3.3
Cash / Liquidity	2	(0.4)

* 20-year geometric average

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, 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 (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	$ 872,676,000	$ 428,698,000	$ 60,205,000

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

NOTE 10 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B

General Information about the Public Employer's Retirement Fund B

Plan Description: The schools cost-sharing multiple-employer defined benefit pension plan Public Employer's Retirement Fund B (PERF B) is administered by the California Public Employees' Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California.

The Plan was established to provide retirement, death and disability benefits to non-teaching and non-certified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at:

- https://www.calpers.ca.gov/docs/forms-publications/acfr- 2021.pdf.

Benefits Provided: The benefits for the defined benefit plans are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

Contributions: The benefits for the defined benefit pension plans are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when district's first join the PERF B, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to $863 monthly.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2022 were as follows:

Members - The member contribution rate was 7.0 percent of applicable member earnings for fiscal year 2021-2022.

Employers - The employer contribution rate was 22.91 percent of applicable member earnings.

The District contributed $57,161,587 to the plan for the fiscal year ended June 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the District reported a liability of $364,507,000 or its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts. At June 30, 2021 the District's proportion was 1.79 percent, which was a decrease of 0.01 percent from its proportion measured as of June 30, 2020.

(Continued)

NOTE 10 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

For the year ended June 30, 2022, the District recognized pension expense of $26,125,723. 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	Deferred Inflows Resources
Difference between expected and actual experience	$ 10,881,000	$ 859,000
Changes of assumptions	-	-
Net differences between projected and actual earnings on investments	-	139,887,000
Changes in proportion and differences between District contributions and proportionate share of contributions	11,369,000	3,623,000
Contributions made subsequent to measurement date	57,161,587	-
Total	$ 79,411,587	$ 144,369,000

$57,161,587 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources (deferred inflows of resources) related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2023	$ (22,842,583)
2024	$ (25,608,583)
2025	$ (34,762,584)
2026	$ (38,905,250)

Differences between expected and actual experience, changes in assumptions and changes in proportion and differences between District contributions and proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of the June 30, 2021 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

NOTE 10 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

Actuarial Methods and Assumptions: The total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2020 , and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2020
Experience Study	June 30, 1997 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.50% thereafter

The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of scale MP 2016. For more details on this table, please refer to the 2017 experience study report.

All other actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	Long-Term* Assumed Asset Allocation	Expected Real Rate of Return Years 1-10 (1)	Expected Real Rate of Return Years 11+(2)
Global Equity	50%	4.80%	5.98%
Fixed Income	28	1.00	2.62
Inflation Assets	-	0.77	1.81
Private Equity	8	6.30	7.23
Real Estate Assets	13	3.75	4.93
Liquidity	1	-	(0.92)

* 10-year geometric average
(1) An expected inflation rate of 2.00% used for this period
(2) An expected inflation rate of 2.92% used for this period

Discount Rate: The discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS' website.

NOTE 10 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

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, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses .

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, 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 (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	$614,610,000	$364,507,000	$156,868,000

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS

General Information Other Postemployment Benefits Plan (OPEB)

Plan Description: In addition to the pension benefits described in Notes 9 and 10, the District provides post-employment health care benefits under a single employer defined benefit OPEB plan to eligible retirees and their spouses through an implicit rate subsidy for all retirees who elect to purchase benefits at the District's negotiated insurance premium rates. The plan does not issue separate financial statements.

The San Diego Unified School District's Retiree Health Care Plan (Plan) is a single-employer defined benefit postemployment health care plan that covers eligible retired employees of the District. The Plan, which is administered by the District, allows employees who retire and meet retirement eligibility requirements under one of the District's retirement plans to continue medical, dental and life insurance coverage as a participant in the District's plan.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

The District's Governing Board has the authority to establish or amend the benefit terms offered by the Plan. The District's Governing Board also retains the authority to establish the requirements for paying the Plan benefits as they come due. As of June 30, 2022, the District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's Total OPEB Liability.

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2022:

	Number of Participants
Inactive Plan members, covered spouses, or beneficiaries currently receiving benefits	1,132
Active employees	13,087
Total	14,219

Benefits Provided: The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All salaried employees of the District are eligible to receive postemployment health care benefits. Hourly employees (i.e. non-salaried with variable work hours) are not eligible to receive postemployment health care benefits.

Contributions: California Government Code specifies that the District's contribution requirements for covered employees are established and may be amended by the Governing Board. Retirees participating in the group insurance plans offered by the District are required to contribute 100% of the active premiums. In future years, contributions are assumed to increase at the same rate as premiums. The District's premium rates being charged to these retirees are lower than the expected cost for a retiree population under age 65. Thus, an implicit subsidy exists as a result of this difference between the actual cost and the true retiree cost.

The District did not make any contributions to the plan for the year ended June 30, 2022.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Total OPEB Liability

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

Valuation Date	June 30, 2021
Fiscal Year End	June 30
Pre-Retirement Mortality Rate	PERS - Non-work related rated developed in 2021 California PERS experience study. STRS - Match rates developed in 2020 experience study. Male – 2019 CalSTRS Active Member Male Female – 2019 CalSTRS Active Member Female
Post-Retirement Mortality Rate	PERS - Healthy post retirement rates developed in 2021 California PERS experience study. STRS - Match rates developed in 2020 experience study. Male – 2019 CalSTRS service retired male Female – 2019 CalSTRS service retired female
Discount Rate	2.18%. Based on the June 30, 2021 S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices.
Retirement Rate	Retirement rates march rates developed in the most recent experience studies for California PERS (2021) and California STRS (2020).
Inflation Rate	CalPERS 2.75% per year CalSTERS 3.50% per year
Health Plan Participation	Future retirees are assumed to elect retiree medical coverage at the following rates:

	Retire With Less than 17 years	Retire With More than 17 years
SDEA	40%	60%
OSS	20%	50%
OTBS	35%	50%
POA	20%	35%
Paraeducators	25%	35%
Administrators	66%	70%

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Medicare Coverage	All current and future participating retirees and spouses will qualify for Medicare coverage and enroll in Parts A and B upon age 65.
Health Care Inflation	Initial rate of 7.5% in fiscal 2022, then 7.25% in fiscal 2023, grading down to the ultimate trend rate of 4.0% in fiscal 2075.
Termination Rate	Termination rates match rates developed in the most recent experience studies for California PERS (2021) and California STRS (2020).
Disability Rate	None
Funding Method	Entry Age Cost Method (Level Percentage of Pay).

Discount Rate: Given the District's decision not to fund the program, all future benefit payments were discounted using a high quality municipal bond rate of 2.18%. The municipal bond rate was based on the week closest but not later than the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices.

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	$ 143,083,016
Changes for the year:	
Service cost	7,797,455
Interest	3,935,166
Difference between Expected and Actual Experience	5,797,961
Changes in assumptions	(45,002,507)
Changes in benefit terms	26,444,532
Benefit payments	(5,922,625)
Net change	(6,950,018)
Balance at June 30, 2022	$ 136,132,998

The District's Total OPEB Liability (TOL) was measured as of June 30, 2021. The District's TOL was measured as of June 30, 2021 using a discount rate of 2.18%. The changes in assumptions includes a change in the discount rate from 2.66% at the June 30, 2020 measurement date to 2.18% at the June 30, 2021 measurement date.

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Additional changes to assumptions that led to the significant change in the Total OPEB liability include the following:

- The annual per capita claims costs have been updated to reflect current age-adjusted health care premiums, using age and gender adjustment factors as published by the Society of Actuaries. The premium rates have been updated to use those effective during the 2022 calendar year.
- Health care inflation rates have been updated to reflect recent healthcare trend rate surveys, blended with the Getzen model published by the Society of Actuaries.
- Retirement, termination, mortality, and salary merit scale rates have been updated to correspond to both the 2021 PERS Experience Study and 2020 STRS Experience Study.

There was a retirement incentive provided during 2021. Eligible employees who elected to participate are given a benefit of either $15,000 or $5,000 annually, depending on Medicare eligibility status, for a maximum of five years. This is reflected as a change in benefit terms.

There were no changes between the measurement date and the year ended June 30, 2022 which had a significant effect on the District's total OPEB liability.

Sensitivity of the Total OPEB Liability to changes in the Discount Rate: The following presents the Total OPEB Liability of the District, as well as what the District's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease (1.18%)	Current Discount Rate (2.18%)	1% Increase (3.18%)
Total OPEB liability	$ 143,964,035	$ 136,132,998	$ 128,470,235

Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates: The following presents the Total OPEB Liability of the District, as well as what the District's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (3.0 - 6.5%)	Healthcare Cost Trend Rates (4.0 - 7.5%)	1% Increase (5.0 - 8.5%)
Total OPEB liability	$ 124,146,694	$ 136,132,998	$ 150,145,267

(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

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 $33,509,489. 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	Deferred Inflows of Resources
Difference between expected and actual experience	$ 7,140,395	$ -
Changes of assumptions	1,755,183	46,103,092
Net differences between projected and actual earnings on investments	-	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
Benefits paid subsequent to measurement date	11,795,227	-
Total	$ 20,690,805	$ 46,103,092

$11,795,227 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2023. Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	
2023	$ (4,678,664)
2024	$ (4,678,664)
2025	$ (4,678,664)
2026	$ (4,678,664)
2027	$ (4,678,664)
Thereafter	$ (13,814,194)

Changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 9 years as of the June 30, 2021 measurement date.

NOTE 12 - EARLY RETIREMENT INCENTIVE

Public Agency Retirement Services (PARS): During the fiscal years ended June 30, 2015 and 2017, the District provided the option of a one-time Supplemental Employee Retirement Plan (SERP) to the District employees. The benefits offered under the SERP includes non-elective employer contributions to the participant's 403(b) annuity contract or alternative monthly forms of payment equivalent to the present value to the basic benefit, which is paid in the form of a lifetime annuity, which shall include: a) joint-and- survivor payments, lifetime with ten year guarantee and fixed term monthly payments from five to fifteen years. A total of 1,128 employees elected to enroll in the early retirement incentive program.

The District is obligated to pay annual installments for the calculated benefits for employees under the SERP and for the administration of the plan.

The annual requirements to amortize the SERP liability outstanding as of June 30, 2022 are as follows:

Year Ending June 30,	
2023	$ 4,045,000
2024	3,635,000
2025	3,035,000
Total	$ 10,715,000

NOTE 13 - JOINT POWERS AGREEMENT

Public Risk Innovation, Solutions, and Management (PRISM) and School Excess Liability Fund (SELF): The District participates in two joint powers agreements with PRISM and SELF. The relationship between the District and the JPAs is such that the JPAs are not component units of the Authority for financial reporting purposes.

PRISM arranges for and provides general liability coverage for the District. The District is also a member of SELF for its excess liability exposures from $5 million to $55 million. Each JPA board controls the operations of the individual JPA, including selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the board. Each member agency pays a premium commensurate with the amount of coverage requested. As a member of the JPAs, the Authority is entitled to retrospective premium adjustments for those claim years where costs were less than expected. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage since the prior year.

(Continued)

NOTE 13 - JOINT POWERS AGREEMENT (Continued)

Condensed audited financial information for PRISM for the year ended June 30, 2021 (the latest information available) is as follows:

Total assets	$	1,006,132,845
Deferred outflows of resources	$	2,167,314
Total liabilities	$	820,969,455
Deferred inflows of resources	$	976,070
Total net position	$	186,354,634
Total revenues	$	1,291,008,268
Total expenditures	$	1,278,916,616
Change in net position	$	12,091,652

Condensed audited financial information for SELF for the year ended June 30, 2021 (the latest information available) is as follows:

Total assets	$	193,642,022
Total deferred outflows of resources	$	241,554
Total liabilities	$	153,709,630
Total deferred inflows of resources	$	5,124
Total net position	$	40,168,822
Total revenues	$	44,573,829
Total expenditures	$	38,080,919
Change in net position	$	6,492,910

NOTE 14 - CONTINGENCIES

Contingent Liabilities: The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

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

Construction Commitments: As of June 30, 2022, the District has $540 million in outstanding commitments on construction contracts.

(Continued)

NOTE 15 - SUBSEQUENT EVENTS

On July 12, 2022, the District issued Tax and Revenue Anticipation Notes (TRANs) totaling $205,000,000, with an interest rate of 4.00%. The TRANs are payable only out of taxes, income, revenue, cash receipts and other monies which are received by the District for its General Fund and are attributable to the fiscal year 2022-23 and legally available for payment thereof. The TRANs are secured by a pledge of certain unrestricted revenues received by the District issuing such TRANs for its General Fund attributable to the fiscal year 2022-23, and the TRANs constitute a first lien and charge payable from the first monies received by the District from such pledged revenues. The TRANs are scheduled to mature on June 30, 2023.

On October 4, 2022, the 2022 General Obligation Bonds were issued in total of $500,000,000. $150,000,000 of the bonds were issued under Proposition Z and $350,000,000 were issued under Measure YY. The bonds range in maturity date with a final payoff on July 1, 2052 with interest rates ranging from 3.95% to 5.00%.

On November 30, 2022, the 2022 General Obligation Bonds Series M-1 and M-2 were issued in total of $100,000,000 under Proposition S. The bonds range in maturity date with a final payoff on July 1, 2052 with interest rates ranging from 4.375% to 5.00%.

On Nov 8, 2022, the District passed Measure U totaling $3.2 billion for the purpose of school construction improvements. The funds will be used to repair leaky roofs and plumbing, provide safe drinking water, remove asbestos, lead and paint/mold, improve classroom security/communications systems, cameras, and door locks to protect against school shootings, and upgrade career, science, technology, engineering classrooms. No bond issuances have been made at this time.

REQUIRED SUPPLEMENTARY INFORMATION

SAN DIEGO UNIFIED SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2022

	Budget Original	Budget Final	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local Control Funding Formula (LCFF):				
State apportionment	$ 283,318,365	$ 288,791,324	$ 276,681,402	$ (12,109,922)
Local sources	787,115,043	797,568,040	813,002,382	15,434,342
Total LCFF	1,070,433,408	1,086,359,364	1,089,683,784	3,324,420
Federal sources	180,691,383	680,442,090	274,731,684	(405,710,406)
Other state sources	278,529,096	362,645,999	319,517,488	(43,128,511)
Other local sources	30,346,003	48,927,859	41,505,448	(7,422,411)
Total revenues	1,559,999,890	2,178,375,312	1,725,438,404	(452,936,908)
Expenditures:				
Current:				
Certificated salaries	663,388,875	672,639,085	671,886,512	752,573
Classified salaries	247,391,912	257,519,494	242,920,022	14,599,472
Employee benefits	539,950,607	529,295,057	511,357,221	17,937,836
Books and supplies	68,874,163	145,171,159	63,983,458	81,187,701
Contract services and operating expenditures	120,347,222	518,157,025	170,183,365	347,973,660
Other outgo	2,276,294	2,101,866	2,134,531	(32,665)
Capital outlay	9,039,492	11,547,707	11,048,787	498,920
Debt service:				
Principal retirement	-	-	332,415	(332,415)
Interest	-	-	31,006	(31,006)
Total expenditures	1,651,268,565	2,136,431,393	1,673,877,317	462,554,076
(Deficiency) excess of revenues (under) over expenditures	(91,268,675)	41,943,919	51,561,087	9,617,168
Other financing sources (uses):				
Transfers in	35,398,738	35,367,953	20,397,008	(14,970,945)
Transfers out	(7,743,738)	(10,921,191)	(9,878,238)	1,042,953
Issuance of leases	-	-	1,441,166	1,441,166
Total other financing sources (uses)	27,655,000	24,446,762	11,959,936	(12,486,826)
Net change in fund balance	(63,613,675)	66,390,681	63,521,023	(2,869,658)
Fund balance, July 1, 2021	156,522,056	156,522,056	156,522,056	-
Fund balance, June 30, 2022	$ 92,908,381	$ 222,912,737	$ 220,043,079	$ (2,869,658)

See accompanying note to required supplementary information.

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY
For the Year Ended June 30, 2022

Last 10 Fiscal Years

	2018	2019	2020	2021	2022
Total OPEB liability					
Service cost	$ 6,647,630	$ 5,818,159	$ 5,652,492	$ 7,430,738	$ 7,797,455
Interest	3,823,699	4,645,142	5,047,631	3,922,048	3,935,166
Differences between expected and actual experience	-	-	2,838,076	-	5,797,961
Change in assumptions	(7,211,912)	(2,840,873)	953,766	1,359,436	(45,002,507)
Change in benefit terms	-	-	-	-	26,444,532
Benefit payments	(6,848,335)	(6,848,335)	(6,714,308)	(5,509,419)	(5,922,625)
Net change in total OPEB liability	(3,588,918)	774,093	7,777,657	7,202,803	(6,950,018)
Total OPEB liability, beginning of year	130,917,381	127,328,463	128,102,556	135,880,213	143,083,016
Total OPEB liability, end of year	$ 127,328,463	$ 128,102,556	$ 135,880,213	$ 143,083,016	$ 136,132,998
Covered employee payroll	$ 714,548,355	$ 750,722,365	$ 758,448,252	$ 777,409,458	$ 835,966,445
Total OPEB liability as a percentage of covered-employee payroll	17.82%	17.06%	17.92%	18.41%	16.28%

This is a 10-year schedule, however the information in this schedule is not required to be presented retrospectively. The amounts presented for each fiscal year were determined as of the yearend that occurred one year prior. All years prior to 2018 are not available.

SAN DIEGO UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2022

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022
District's proportion of the net pension	1.168%	1.162%	1.132%	1.127%	1.047%	1.051%	1.024%	0.942%
District's proportionate share of the net pension liability	$ 682,566,000	$ 782,123,000	$ 927,256,000	$ 1,042,490,000	$ 962,350,000	$ 949,265,000	$ 992,491,000	$ 428,698,000
State's proportionate share of the net pension liability associated with the District	412,166,000	413,656,000	527,920,000	616,731,000	550,992,000	517,890,000	542,389,000	255,066,000
Total net pension liability	$ 1,094,732,000	$ 1,195,779,000	$ 1,455,176,000	$ 1,659,221,000	$ 1,513,342,000	$ 1,467,155,000	$ 1,534,880,000	$ 683,764,000
District's covered payroll	$ 520,247,000	$ 539,213,000	$ 571,356,000	$ 597,440,000	$ 557,382,000	$ 571,616,000	$ 590,874,000	$ 613,389,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	131.20%	145.05%	162.29%	174.49%	172.66%	166.07%	167.97%	69.89%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%	71.82%	87.21%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

All years prior to 2015 are not available.

(Continued)

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022
District's proportion of the net pension	2.049%	1.986%	2.060%	2.026%	1.737%	1.717%	1.804%	1.793%
District's proportionate share of the net pension liability	$ 242,318,083	$ 312,198,000	$ 420,881,000	$ 497,140,000	$ 476,148,000	$ 500,303,000	$ 553,644,000	$ 364,507,000
District's covered payroll	$ 218,874,000	$ 235,814,000	$ 243,244,000	$ 258,254,000	$229,064,000	$ 224,089,000	$ 260,578,000	$ 246,327,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	110.71%	132.39%	173.03%	192.50%	214.17%	223.26%	212.47%	147.98%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%	70.85%	70.05%	70.00%	80.97%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

All years prior to 2015 are not available.

See accompanying note to required supplementary information.

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	$ 47,882,108	$ 61,306,467	$ 75,157,977	$ 80,930,171	$ 93,059,038	$ 101,039,518	$ 99,062,403	$ 110,428,011
Contributions in relation to the contractually required contribution	(47,882,108)	(61,306,467)	(75,157,977)	(80,930,171)	(93,059,038)	(101,039,518)	(99,062,403)	(110,428,011)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 539,213,000	$ 571,356,000	$ 597,440,000	$ 557,382,000	$ 571,616,000	$ 590,874,000	$ 613,389,000	$ 652,648,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10%*	16.15%**	16.92%***

All years prior to 2015 are not available.

* This rate reflects the original employer contribution rate of 18.13 percent under AB1469, reduced for the 1.03 percentage points to be paid on behalf of employers pursuant to SB 90.

** This rate reflects the original employer contribution rate of 19.10 percent under AB1469, reduced for the 2.95 percentage points to be paid on behalf of employers pursuant to SB 90.

*** This rate reflects the original employer contribution rate of 19.10 percent under AB1469, reduced for the 2.18 percentage points to be paid on behalf of employers pursuant to SB 90.

(Continued)

SAN DIEGO UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2022

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	$ 27,757,643	$ 28,817,068	$ 35,871,548	$ 36,433,853	$ 41,281,899	$ 51,388,492	$ 50,989,723	$ 57,161,587
Contributions in relation to the contractually required contribution	(27,757,643)	(28,817,068)	(35,871,548)	(36,433,853)	(41,281,899)	(51,388,492)	(50,989,723)	(57,161,587)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 235,814,000	$ 243,244,000	$ 258,254,000	$ 229,064,000	$ 224,089,000	$ 260,578,000	$ 246,327,000	$ 249,505,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	16.39%	18.42%	19.72%	20.70%	22.91%

All years prior to 2015 are not available.

See accompanying note to required supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

Budgetary Comparison Schedule: The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Education to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

Schedule of Changes in Total Other Postemployment Benefits (OPEB) Liability: The Schedule of Changes in Total OPEB liability is presented to illustrate the elements of the District's Total OPEB liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available. The District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's Total OPEB Liability.

Schedule of the District's Proportionate Share of the Net Pension Liability: The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of the District's Contributions: The Schedule of the District's Contributions is presented to illustrate the District's required contributions relating to the pensions. There is a requirement to show information for 10 years. However, until a full 10- year trend is compiled, governments should present information for those years for which information is available.

Changes of Benefit Terms: There are no changes in benefit terms reported in the Required Supplementary Information.

Changes of Assumptions: The District's Total OPEB Liability was measured as of June 30, 2016 using a discount rate of 2.85%. The Total OPEB Liability determined by the actuarial valuation as of June 30, 2017 used a discount rate of 3.58%. The Total OPEB Liability determined by the actuarial valuation as of June 30, 2018 used a discount rate of 3.87%. The Total OPEB Liability determined by the actuarial valuation as of June 30, 2019 used a discount rate of 2.79%. The Total OPEB Liability determined by the actuarial valuation as of June 30, 2020 used a discount rate of 2.66%. The Total OPEB Liability determined by the actuarial valuation as of June 30, 2021 used a discount rate of 2.18%.

The discount rates used for the Public Employer's Retirement Fund B (PERF B) was 7.50, 7.65, 7.65, 7.15, 7.15, 7.15, 7.15 and 7.15 percent in the June 30, 2013, 2014, 2015, 2016, 2017, 2018, 2019, and 2020 actuarial reports, respectively.

The following are the assumptions for State Teachers' Retirement Plan:

	Measurement Period As of June 30,						
Assumption	2021	2020	2019	2018	2017	2016	2015
Consumer price inflation	2.75%	2.75%	2.75%	2.75%	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.10%	7.10%	7.10%	7.10%	7.60%	7.60%
Wage growth	3.50%	3.50%	3.50%	3.50%	3.50%	3.75%	3.75%

SUPPLEMENTARY INFORMATION

SAN DIEGO UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NON-MAJOR FUNDS
June 30, 2022

	Student Activity Special Revenue Fund	Adult Education Fund	Child Develop-ment Fund	Cafeteria Fund	Pupil Transportation Equipment Fund	Capital Facilities Fund	County School Facilities Fund	Non-Major Governmental Total
ASSETS								
Cash in County Treasury	$ -	$ 723,368	$ 3,648,560	$ 38,113,369	$ 9,463	$ 94,292,820	$ 65,422,696	$ 202,210,276
Cash on hand and in banks	6,995,629	-	-	3,167,915	-	-	-	10,163,544
Receivables	-	173,630	54,937	16,119,955	-	4,112,019	1,180,823	21,641,364
Due from other funds	-	3,292	576,045	30,965	-	4,524	-	614,826
Prepaid expenditures	-	-	286	734	-	-	-	1,020
Stores inventory	-	-	-	154,659	-	-	-	154,659
Total assets	$ 6,995,629	$ 900,290	$ 4,279,828	$ 57,587,597	$ 9,463	$ 98,409,363	$ 66,603,519	$ 234,785,689
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	$ -	$ 28	$ 277,881	$ 1,518,814	$ -	$ 1,635,193	$ 3,940	$ 3,435,856
Due to other funds	-	106,551	2,232,977	3,108,683	-	5,035,244	48,615	10,532,070
Total liabilities	-	106,579	2,510,858	4,627,497	-	6,670,437	52,555	13,967,926
Fund balances:								
Nonspendable	-	-	286	155,393	-	-	-	155,679
Restricted	6,995,629	793,711	1,768,684	52,804,707	9,463	91,738,926	66,550,964	220,662,084
Total fund balance	6,995,629	793,711	1,768,970	52,960,100	9,463	91,738,926	66,550,964	220,817,763
Total liabilities and fund balances	$ 6,995,629	$ 900,290	$ 4,279,828	$ 57,587,597	$ 9,463	$ 98,409,363	$ 66,603,519	$ 234,785,689

SAN DIEGO UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
ALL NON-MAJOR FUNDS
For the Year Ended June 30, 2022

	Student Activity Special Revenue Fund	Adult Education Fund	Child Develop-ment Fund	Cafeteria Fund	Pupil Transportation Equipment Fund	Capital Facilities Fund	County School Facilities Fund	Non-Major Governmental Total
Revenues:								
Federal sources	$ -	$ 262,342	$ 567,000	$ 96,465,149	$ -	$ -	$ -	$ 97,294,491
Other state sources	-	1,308,849	11,090,081	4,405,673	-	3,532	12,236,774	29,044,909
Other local sources	6,425,688	(11,454)	(14,601)	22,420,401	(193)	71,780,668	(1,226,607)	99,373,902
Total revenues	6,425,688	1,559,737	11,642,480	123,291,223	(193)	71,784,200	11,010,167	225,713,302
Expenditures:								
Current:								
Certificated salaries	-	605,976	6,094,173	-	-	-	-	6,700,149
Classified salaries	-	170,664	792,605	21,611,305	-	5,654,276	-	28,228,850
Employee benefits	-	380,812	4,012,188	12,720,894	-	3,840,170	-	20,954,064
Books and supplies	5,879,089	196,277	199,918	31,874,808	-	-	-	38,150,092
Contract services and operating expenditures	-	40,139	33,138	24,278,305	-	6,260,092	20,075	30,631,749
Capital outlay	-	-	-	34,038	-	26,487,263	170,170	26,691,471
Total expenditures	5,879,089	1,393,868	11,132,022	90,519,350	-	42,241,801	190,245	151,356,375
Excess (deficiency) of revenues over (under) expenditures	546,599	165,869	510,458	32,771,873	(193)	29,542,399	10,819,922	74,356,927
Other financing uses:								
Transfers out	-	(40,162)	(394,966)	(1,386,885)	-	(17,300,000)	-	(19,122,013)
Net change in fund balances	546,599	125,707	115,492	31,384,988	(193)	12,242,399	10,819,922	55,234,914
Fund balance, July 1, 2021	6,449,030	668,004	1,653,478	21,575,112	9,656	79,496,527	55,731,042	165,582,849
Fund balance, June 30, 2022	$ 6,995,629	$ 793,711	$ 1,768,970	$ 52,960,100	$ 9,463	$ 91,738,926	$ 66,550,964	$ 220,817,763

San Diego Unified School District ("District") began operations in 1854 under the laws of the State of California. The San Diego Unified School District serves more than 114,456 students in preschool through grade 12, including Charter Schools, and is the second largest district in California. The District's educational facilities include 108 elementary schools, 10 K-8 schools, 24 middle/junior schools, 22 senior high schools, 11 atypical/alternative schools, 18 State preschools sites, 4 special education centers and the District is the sponsoring agency for 41 charter schools. There were no changes in the District's boundaries in the current year audited.

GOVERNING BOARD

Name	Office	Term Expires
Sharon Whitehurst-Payne	President	December 2024
Sabrina Bazzo	Vice President	December 2024
Richard Barrera	Member	December 2024
Kevin Beiser	Member	December 2022
Michael McQuary	Member	December 2022

DISTRICT ADMINISTRATORS

Lamont A. Jackson, Ph.D.
Interim Superintendent of Public Education

Fabiola Bagula
Deputy Superintendent

Enrique Ruacho
Chief of Staff

W. Drew Rowlands
Chief Business Officer

Acacia Thede
Chief Human Resources Officer

Gary Petill
Interim Chief Operations Officer

Lee Dulgeroff
Chief Facilities Planning and Construction Officer

Andrew Sharp
Chief Public Information Officer

Andra M. Greene
General Counsel

(Continued)

DISTRICT ADMINISTRATORS (Continued)

Jodie Macalos
Executive Director, Financial Planning and Development

Jessica Falk-Michelli
Executive Director, Labor Relations and Assistant General Counsel

Carmina Duran
Executive Director, Quality Assurance

Marty Stultz
Director, Board Services

Tavga Bustani
Chief, Leadership & Learning

Toren Allen
Executive Director, Integrated Technology

Sarah Ott
Executive Director, Special Education

Bruce Bivins
Area 1 Superintendent

Steve Elizondo
Area 2 Superintendent

Christina Casillas, Ed.D
Area 3 Superintendent

Monika Hazel
Area 4 Superintendent

Mitzi Merino
Area 5 Superintendent

Erin Richison, Ed.D
Area 6 Superintendent

SAN DIEGO UNIFIED SCHOOL DISTRICT
SCHEDULE OF DAILY AVERAGE ATTENDANCE
For the Year Ended June 30, 2022

Certificate #:	62E3904C	9B234B12
	Second Period Report	Annual Report
Transitional Kindergarten through Third		
Regular ADA	28,521	28,810
Special Education	52	52
Total Transitional Kindergarten through Third	28,573	28,862
Fourth through Sixth		
Regular ADA	19,112	19,211
Special Education	58	61
Total Fourth through Sixth	19,170	19,272
Seventh through Eighth		
Regular ADA	11,652	11,679
Special Education	54	58
Community Day School	6	7
Total Seventh through Eighth	11,712	11,744
Ninth through Twelfth		
Regular ADA	25,992	25,669
Special Education	243	259
Community Day School	9	11
Total Ninth through Twelfth	26,244	25,939
District Total	85,699	85,817

Grade Level	Requirement	Actual Minutes	Number of Days	Status
District:				
Kindergarten	36,000	52,900	180	In compliance
Grade 1	50,400	54,000	180	In compliance
Grade 2	50,400	54,000	180	In compliance
Grade 3	50,400	54,000	180	In compliance
Grade 4	54,000	54,000	180	In compliance
Grade 5	54,000	54,000	180	In compliance
Grade 6	54,000	61,530	180	In compliance
Grade 7	54,000	64,845	180	In compliance
Grade 8	54,000	64,845	180	In compliance
Grade 9	64,800	64,817	180	In compliance
Grade 10	64,800	64,817	180	In compliance
Grade 11	64,800	64,817	180	In compliance
Grade 12	64,800	64,817	180	In compliance

Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
U.S. Department of Education - Passed through California Department of Education			
	Special Education Cluster:		
84.027	IDEA Basic Local Assistance Entitlement, Part B, Sec. 611 (Formerly 94-142)	13379	$ 21,658,265
84.027	IDEA Local Assistance, Part B, Sec. 619 Private School ISPs	10115	446,489
84.173	PI 99-457 Preschool Grant Programs	13430	840,354
84.173A	Alternative Dispute Resolution Program, Part B	13007	28,862
84.173A	IDEA Preschool Staff Development, Part B, Sec. 619	13431	4,075
84.027A	IDEA Support Inclusive Practices	15321	1,140,028
	Subtotal Special Education Cluster		24,118,073
	ESEA: Title III Program:		
84.365	ESEA: Title III, English Learner Student Program	14346	6,086,027
84.365	ESEA: Title III, Immigrant Education Program	15146	411,637
	Subtotal ESEA: Title III Program		6,497,664
	COVID-19: Education Stabilizaion Fund (ESF) Programs:		
84.425	Elementary and Secondary School Emergency Relief (ESSER) Fund I - COVID-19	15536	10,411,222
84.425	Elementary and Secondary School Emergency Relief II (ESSER II) Fund - COVID-19	15547	65,572,355
84.425	Elementary and Secondary School Emergency Relief III (ESSER III) Fund - COVID-19	15559	18,915,956
84.425U	Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss - COVID-19	10155	170,537
84.425	Governor's Emergency Education Relief Fund: Learning Loss Mitigation - COVID-19	15517	7,268,003
84.425	Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve - COVID-19	15618	11,451,520
84.425	Expanded Learning Opportunities (ELO): GEER II - COVID-19	15619	2,630,371
84.425	Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Emergency Needs - COVID-19	15620	2,521,929
84.425	American Rescue Plan-Homeless Children and Youth (ARP - Homeless I) - COVID-19	15564	8,874

(Continued)

Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expenditures
	U.S. Department of Education - Passed through California Department of Education (Continued)		
84.425C	American Rescue Plan - Homeless Children and Youth II (ARP HCY II) - COVID-19	15566	$ 9,643
	Subtotal ESF Programs		118,960,410
	Federal Impact Aid Program:		
84.041	Federal Impact Aid	10015	12,869,241
84.041	Federal Impact Aid - Special Ed	14792	4,928,764
	Subtotal Federal Impact Aid Program		17,798,005
	Magnet School Assistance Program:		
84.165A	Magnet School Assistance Program	*	465,648
84.165A	Magnet School Assistance Program - Positions	*	716,774
	Subtotal Magnet School Assistance Program		1,182,422
	Adult Education Program:		
84.002A	Adult Education: Adult Basic Education & ELA (Section 231)	14508	5,475
84.002A	Adult Education: Adult Secondary Education (Section 231)	13978	256,867
	Subtotal Adult Education Program		262,342
	Title I Program:		
84.010	ESEA: Title I, Part A Basic Grants, Low Income and Neglected	14329	49,243,215
84.010	ESEA: ESSA School Improvement (CSI) Funding for LEAs	15438	2,474,239
	Subtotal Title I Program		51,717,454
84.048	Carl D. Perkins Career and Technical Education: Secondary, Section 131 (Vocational Education)	14894	1,010,980
84.060	Indian Education	10011	74,816
84.181	Special Ed: IDEA Early Intervention Grants, Part C	23761	297,053
84.367	ESEA: Title II, Part A, Improving Teacher Quality Local Grants	14341	3,036,881
84.287	ESEA: Title IV, Part B, 21st Century Community Learning Centers Program	14349	1,828,913

(Continued)

Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expenditures
	U.S. Department of Education - Passed through California Department of Education (Continued)		
84.424	ESEA: Title IV, Part A, SSAE	15396	$ 1,943,182
84.U01	JROTC	*	1,202,908
84.126	Department of Rehab: Workability II, Transition Partnership	10006	649,564
84.196	ESSA: Title IX, Part A, McKinney-Vento Homeless Assistance Grants	14332	133,953
84.411C	Education Innovation and Research (EIR) - Early-phase grant	*	587,571
	Total U.S. Department of Education		231,302,191
	U.S. Department of Defense - Passed Through California Department of Education		
	Invitational Grants for Military-Connected Schools Program:		
12.557	OpCollege and Career Readiness	*	395,757
12.557	Op Special Ed Achievement	*	162,294
	Subtotal Invitational Grants for Military-Connected Schools Program		558,051
	Community Investment Program:		
12.600	Department of Defense Off Econ Adj Grant Hancok	*	207,495
	Total U.S. Department of Defense		765,546
	U.S. Department of Health and Human Services - Passed through California Department of Education		
93.036	FEMA Public Assistance	10014	41,994,838
93.079	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	*	813,944
93.576	Refugee School Impact Grant	*	117,504
	Total U.S. Department of Health and Human Services		42,926,286

(Continued)

SAN DIEGO UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Assistance Listing Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture - Passed through California Department of Education			
10.558	Child Nutrition: Child Care Food Program (CCFP) Claims-Centers and Family Day Care Homes (Meal Reimbursements)	13394	$ 21,873,779
10.558	Child Nutrition: CACFP COVID-19 Emergency Operational Costs Reimbursement (ECR)	15577	469,374
	Subtotal Child Nutrition: CCFP programs		22,343,153
	Child Nutrition Cluster:		
10.553	Child Nutrition: School Programs (e.g., School Lunch, School Breakfast, Milk, Pregnant & Lactating Students)	13526	55,182,591
10.555	Child Nutrition: SNP COVID-19 Emergency Operational Costs Reimbursement (ECR)	15637	3,640,821
	Subtotal Child Nutrition Cluster		58,823,412
10.649	Pandemic EBT Local Administrative Grant - COVID-19	15644	5,814
10.579	Child Nutrition: NSLP Equipment Assistance Grant	14906	100,000
	Total U.S. Department of Agriculture		81,272,379
N/A	Bond Interest & Redemption - Federal Interest Subsidy	*	1,792,113
	Total Federal Programs		$ 358,058,515

* PCA or Assistance Listing (AL) Number not available or not applicable.

There were no adjustments to any funds of the District.

	(Adopted Budget) 2023	2022	2021	2020
General Fund				
Revenues and other financing sources	$ 1,786,496,376	$ 1,747,276,578	$ 1,523,888,657	$ 1,427,510,411
Expenditures	1,839,077,198	1,673,877,317	1,487,054,021	1,423,021,352
Other uses and transfers out	9,356,868	9,878,238	12,670,000	2,583,744
Total outgo	1,848,434,066	1,683,755,555	1,499,724,021	1,425,605,096
Change in fund balance	$ (61,937,690)	$ 63,521,023	$ 24,164,636	$ 1,905,315
Ending fund balance	$ 158,105,389	$ 220,043,079	$ 156,522,056	$ 132,357,420
Available reserves	$ 44,209,052	$ 33,682,000	$ 29,977,000	$ 28,483,000
Designated for economic uncertainties	$ 36,923,000	$ 33,682,000	$ 29,977,000	$ 28,483,000
Undesignated fund balance	$ 7,286,052	$ -	$ -	$ -
Available reserves as percentages of total outgo	2.39%	2.00%	2.00%	2.00%
All Funds				
Total long-term liabilities	$ 6,589,783,388	$ 6,516,785,143	$ 6,946,156,685	$ 6,066,412,548
Average daily attendance at P-2	85,904	85,699	97,479	97,479

The General Fund balance has increased by $89,590,974 over the past three years. The fiscal year 2022-2023 budget projects a decrease of $61,937,690. For a district this size, the State of California recommends available reserves of at least 2% of total General Fund expenditures, transfers out, and other uses be maintained. For the year ended June 30, 2022, the District met this requirement.

The District has incurred operating surpluses in each of the past three years, and anticipates an operating deficit in fiscal year 2022-2023.

Total long-term liabilities have increased by $450,372,595 over the past two years, as shown in Note 7 to the basic financial statements.

Average daily attendance has decreased by 11,780 over the past two years. An increase of 205 ADA is projected for the 2022-2023 fiscal year.

Charter School	Charter Number	Status	Included in District Report
Albert Einstein Academies	0773	Active	No
America's Finest Charter School	1301	Active	No
Audeo Charter	0406	Active	No
Charter School of San Diego	0028	Active	No
City Heights Preparatory Charter	1312	Active	No
Darnall Charter	0033	Active	No
E3 Civic High	1302	Active	No
Elevate Elementary	1633	Active	No
Empower Language Academy	1634	Active	No
Gompers Preparatory Academy	1080	Active	No
Harriet Tubman Village Charter	0046	Active	No
Health Sciences High	0876	Active	No
High Tech Elementary	1709	Active	No
High Tech Elementary Explorer	0278	Active	No
High Tech High	0269	Active	No
High Tech High International	0623	Active	No
High Tech High Media Arts	0622	Active	No
High Tech Middle	0546	Active	No
High Tech Middle Media Arts	0660	Active	No
Holly Drive Leadership Academy	0264	Active	No
Ingenuity Charter	1719	Active	No
Innovations Academy	1024	Active	No
Kavod Charter	1447	Active	No
Keiller Leadership Academy	0695	Active	No
King-Chavez Academy of Excellence	0420	Active	No
King-Chavez Arts Academy	0704	Active	No
King-Chavez Community High	1015	Active	No
King-Chavez Preparatory Academy	0772	Active	No
King -Chavez Primary Academy	0705	Active	No
Kipp Adelante Preparatory Academy	0550	Active	No
Learning Choice Academy	0659	Active	No
Magnolia Science Academy San Diego	0698	Active	No
McGill School of Success	0095	Active	No
Museum	0081	Active	No
Old Town Academy K-8 Charter	1279	Active	No
Preuss School UCSD	0169	Active	No
San Diego Cooperative Charter	0396	Active	No
San Diego Global Vision Academy	1190	Active	No
School for Entrepreneurship and Technology	1253	Active	No
The O'Farrell Charter	0048	Active	No
Urban Discovery Academy Charter	1008	Active	No

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance: Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time: The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District, and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

Schedule of Expenditure of Federal Awards: The Schedule of Expenditure of Federal Awards includes the federal award activity of the District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Expenditures 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. The District has not elected to use the 10-percent de minimis indirect cost rate allowed in the Uniform Guidance.

Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements: This schedule provides the information necessary to reconcile the fund balances of all funds and the total long-term liabilities as reported on the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis – Unaudited: This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2022-2023 fiscal year, as required by the State Controller's Office. The information in this schedule has been derived from audited information.

Schedule of Charter Schools: This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Section 22714 and 44929. For the fiscal year ended June 30, 2022, the District did not adopt such a program.

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

Audit Committee and Board of Education
San Diego Unified School District
San Diego, California

Report on Compliance with State Laws and Regulations

We have audited San Diego Unified School District's compliance with the types of compliance requirements described in the State of California *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the "Audit Guide") applicable to the state laws and regulations listed below for the year ended June 30, 2022.

Description	Procedures Performed
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	Yes
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study – Course Based	No, see below
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
In Person Instruction Grant	Yes

(Continued)

Attendance, for charter schools	No, see below
Mode of Instruction, for charter schools	No, see below
Nonclassroom-Based Instruction/Independent Study, for charter schools	No, see below
Determination of Funding for Nonclassroom-Based Instruction, for charter schools	No, see below
Annual Instructional Minutes-Classroom Based, for charter schools	No, see below
Charter School Facility Grant Program	No, see below

We did not perform any procedures related to Early Retirement Incentive Program because the District did not offer this program in the current year.

We did not perform any procedures related to Juvenile Court Schools because the District does not operate any Juvenile Court Schools, as it is not a County Office.

We did not perform any procedures related to Apprenticeship: Related and Supplemental Instruction because the District did not operate this program in the current year.

The District is not reported as a District of Choice per the California Department of Education, therefore we did not perform any procedures related to District of Choice.

The District did not offer an Independent Study-Course Based program, therefore, we did not perform any procedures related to this program.

The District does not have any Charter Schools; therefore, we did not perform any of the testing related to charter schools.

In our opinion, except for the noncompliance described in the Basis of Qualified Opinion paragraph, San Diego Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations referred to above for the year ended June 30, 2022.

Basis for Qualified Opinion on Compliance with State Laws and Regulations

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (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. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

As described in Finding 2022-003, 2022-004, 2022-005 and 2022-006 in the accompanying Schedule of Audit Findings and Questioned Costs, San Diego Unified School District did not comply with the requirements regarding Attendance, Comprehensive School Safety Plan, After/Before School Education and Safety Program and Immunizations. Compliance with such requirements is necessary, in our opinion, for San Diego Unified School District to comply with the requirements applicable to the state laws and regulations referred to above.

(Continued)

Other Matters

San Diego Unified School District's responses to the noncompliance findings identified in our audit are included in the accompanying Schedule of Audit Findings and Questioned Costs. San Diego Unified School District's responses were not subjected to the auditing procedures applied in the audit of State Compliance and, accordingly, we express no opinion on them.

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 government 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 GAAS, *Government Auditing Standards*, and the Audit Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *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 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.

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.

(Continued)

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Sacramento, California
December 6, 2022

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*

Audit Committee and Board of Education
San Diego Unified School District
San Diego, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Diego Unified School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise San Diego Unified School District's basic financial statements, and have issued our report thereon dated December 6, 2022.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified. We identified deficiencies in internal controls that were communicated to management as identified in the accompanying Schedule of Audit Findings and Questioned Costs as Findings 2022-001 and 2022-002.

(Continued)

Report on Compliance and Other Matters

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

San Diego Unified School District Responses to Finding

San Diego Unified School District's responses to the findings identified in our audit are described in the accompanying schedule of Audit Findings and Questioned Costs. San Diego Unified School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Crowe LLP

Crowe LLP

Sacramento, California
December 6, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Audit Committee and Board of Education
San Diego Unified School District
San Diego, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited San Diego Unified School District's 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 San Diego Unified School District's major federal programs for the year ended June 30, 2022. San Diego Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, San Diego Unified School District complied, in all material respects, with the 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 (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 San Diego Unified School 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 San Diego Unified School 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 San Diego Unified School District's federal programs.

(Continued)

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 San Diego Unified School 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 GAAS, *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 San Diego Unified School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 San Diego Unified School 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 San Diego Unified School 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 San Diego Unified School 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.

(Continued)

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.

Crowe LLP

Crowe LLP

Sacramento, California
December 6, 2022

FINDINGS AND RECOMMENDATIONS

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting: Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified not considered to be material weakness(es)?	____ Yes	X None reported
Noncompliance material to financial statements noted?	____ Yes	X No

FEDERAL AWARDS

Internal control over major programs: Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified not considered to be material weakness(es)?	____ Yes	X None reported
Type of auditors' report issued on compliance for major programs:	Unmodified	

AL Number(s)	Name of Federal Program or Cluster	Type of Opinion
84.010	Title I Programs	Unmodified
84.041	Federal Impact Aid Program	Unmodified
93.036	FEMA Public Assistance	Unmodified
84.425, 84.425C, 84.425U	COVID-19: Education Stabilization Fund (ESF) Programs	Unmodified

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:

AL Number(s)	Name of Federal Program or Cluster
84.010	Title I Programs
84.041	Federal Impact Aid Program
93.036	FEMA Public Assistance
84.425, 84.425C, 84.425U	COVID-19: Education Stabilization Fund (ESF) Programs

Dollar threshold used to distinguish between Type A and Type B programs:	$ 3,000,000	
Auditee qualified as low-risk auditee?	X Yes	____ No

STATE AWARDS

Type of auditors' report issued on compliance for state programs:	Qualified

(Continued)

SECTION II - FINANCIAL STATEMENT FINDING

2022-001 DEFICIENCY – INTERNAL CONTROL – ASSOCIATED STUDENT BODY (30000)

Criteria: Education Code Section 48930 (and California Department of Education's "Accounting Procedures
for Student Organizations Handbook") requires student body organizations to follow the regulations set by the Governing Board of the school district.

Condition:

Green Elementary –

- Pre-approval of expenditures was not formally documented using a requisition form before purchase was made.
- The October 2021 bank reconciliation was prepared and approved in January 2022.

Bird Rock Elementary –

- The November 2021 bank reconciliation was prepared and approved in February 2022.

Chollas Mead Elementary –

- The October 2021 bank reconciliation was prepared and approved in February 2022.

Porter South Campus –

- Bank reconciliations were not prepared for September 2022 through April 2022 due to staff turnover.

Perkins K-8 –

- The October 2021 bank reconciliation was prepared and approved in February 2022.

Marvin Elementary –

- The October 2021 bank reconciliation was prepared and approved in February 2022.

Context: The deficiencies listed above were identified through our testing of design effectiveness of internal controls related to Associated Student Body Funds.

Effect: ASB funds could potentially be misappropriated due to lack of timely bank reconciliations.

Cause: Adequate internal control procedures have not been implemented and enforced.

Recommendation: This is a repeat finding. Based on the deficiencies identified above, we recommend that approval of expenditures be formally documented by the proper individuals prior to the warrant being issued. Additionally, the District should ensure bank reconciliations are prepared and approved timely.

Views of Responsible Officials and Planned Corrective Action: The District agrees with the auditor's recommendations. Associated Student Body bank reconciliations are required to be completed and approved by the 10th of the following month. During 2021-22, the District transitioned to a new Associated Student Body financial software. Trainings were held throughout the year which included bank reconciliation processes.

In 2022-23, the District Internal Audit department held a series of in person trainings to review Associated Student Body requirements, including expenditure pre-approvals and timeliness of bank reconciliations. Recorded video trainings are also being made available to school site staff who administer Associated Student Body funds. Additionally, the Financial Accounting department will hold a series of working computer labs throughout the year which include bank reconciliation processes. Central office finance staff will continue to notify school site staff if bank reconciliations are found to be incomplete by the 10th of the following month.

(Continued)

SECTION II - FINANCIAL STATEMENT FINDING

2022-002 DEFICIENCY – INTERNAL CONTROL – CYBERSECURITY POLICY (30000)

Criteria: Internal Controls are to be an integral part of any organization's financial and business policies and procedures. Internal controls consists of all the measures taken by the organization for the purpose of; (1) protecting its resources against waste, fraud, and inefficiency; (2) ensuring accuracy and reliability in accounting and operating data; (3) securing compliance with the policies of the organization; and (4) evaluating the level of performance in all organizational units of the organization.

Condition: The District has not formalized a cybersecurity policy to include District policies surrounding cybersecurity threats and risk assessment procedures.

Context: We performed internal control inquiries surrounding the cybersecurity risks associated with the District.

Effect: Internal controls policies and procedures are not properly documented.

Cause: Adequate internal control procedures have not been established and documented.

Recommendation: We recommend that the District formalize a comprehensive cybersecurity policy to include risk assessment of, response to and mitigation of cybersecurity threats.

Views of Responsible Officials and Planned Corrective Action: The District does not currently maintain a comprehensive policy that is specific to cybersecurity risk management. The District has acknowledged the need to develop a specific cybersecurity policy that documents the current and future cybersecurity practices and related systems to complement the existing core IT policies in place. The District’s Integrated Technology department is in the process of securing an engagement with a vendor to assist with developing a cybersecurity policy for adoption in 2022-23.

(Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2022-003 DEFICIENCY – STATE COMPLIANCE – ATTENDANCE (10000)

Criteria: Attendance Accounting and Reporting in California Public Schools, Title 5, CCR, Section 401 and 421 (b) and Education Code Section 44809 - Each LEA must develop and maintain accurate and adequate records to support the attendance reported to the State.

Condition: At La Jolla High, one student was improperly recorded as present, resulting in an overstatement of one day of attendance.

Context: We performed the audit procedures enumerated in the State of California *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and identified the finding described above.

Effect: The effect of this finding is an overstatement of 0.01 ADA.

Cause: The errors were the result of clerical errors in accounting for attendance.

Fiscal impact: The error is below 0.50 ADA, therefore there is no fiscal impact.

Recommendation: The District should enforce controls to ensure accurate accounting for attendance.

Views of Responsible Officials and Planned Corrective Action: The District agrees with the auditor's recommendations and will continue to provide training for staff at the school sites who are responsible for attendance reporting.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2022-004 DEFICIENCY – STATE COMPLIANCE – COMPREHENSIVE SCHOOL SAFETY PLAN (40000)

Criteria: Each school should adopt its comprehensive school safety plan as described in Education Code Section 32282 and reviewed and updated its plan by March 1 of the fiscal year.

Condition: Of the 33 sites selected for testing, Doyle Elementary and La Jolla High comprehensive school safety plans were reviewed and approved after March 1, 2022.

Of the 33 sites selected, the following sites did not have a comprehensive school safety plan prepared for the 2021/22 fiscal year:

- Chollas Mead Elementary
- Curie Elementary
- Hearst Elementary
- Porter-South Campus
- Sherman Elementary
- Dana Middle

Context: We performed the audit procedures enumerated in the State of California *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and identified the finding described above.

Effect: The District is out of compliance with state requirements.

Cause: The District completed review of the school safety plans after the March 1, 2022 deadline for two of the sites selected. The District did not prepare school safety plans for all of the District's sites.

Fiscal Impact: Not applicable.

Recommendation: This is a repeat finding. The District should ensure comprehensive school safety plans are adopted or reviewed and updated by the March 1st deadline to comply with Education Code section 32288. The District should also maintain appropriate documentation to support district's compliance with Education Code section 32288.

Views of Responsible Officials and Planned Corrective Action: The District agrees with the auditor's recommendations. Site administrators and/or their designee(s) are required to annually develop and update their site's CSSP.

For the 2021/22 school year, site administrators were directed to Administrative Circular No. 53: "Completing and Updating the Comprehensive School Safety Plan (CSSP) and Emergency Response Box (ERB)." Additionally, the Safe School Unit within Police services supported school sites directly to provide guidance in completing their plan, as well as due date reminders.

For the 2022/23 school year, an online service is being utilized to aid in tracking and completing school site safety plans. The Safe Schools Unit within Police services continues to provide support and with the new platform, and will ensure that all site safety plans are completed and submitted.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2022-005 DEFICIENCY – STATE COMPLIANCE – AFTER/BEFORE SCHOOL EDUCATION AND SAFETY PROGRAM (40000)

Criteria: Attendance Accounting and Reporting in California Public Schools, Title 5, CCR, Section 401 and 421 (b) and Education Code Section 44809 - Each LEA must develop and maintain accurate and adequate records to support the attendance reported to the State.

Condition: At Wilson Middle School, one student was improperly excluded from the attendance system.

Context: We performed the audit procedures enumerated in the State of California *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and identified the finding described above.

Effect: The effect of this finding is an understatement of 1 day of attendance for the District's ASES program.

Cause: The errors were the result of clerical errors in accounting for attendance.

Fiscal impact: Not determinable.

Recommendation: The District should enforce controls to ensure accurate accounting for attendance.

Views of Responsible Officials and Planned Corrective Action: The District agrees with the auditor's recommendations. The student was signed in and out on the paper sign-in and sign-out roster but attendance was not input in the CAS21 attendance management system.

The 2021-22 PrimeTime Attendance Procedures and Requirements were implemented in alignment with the After School Education and Safety (ASES) attendance requirements.

All school site program leaders, supervisors and administrative personnel are required to participate in the CAS21 Attendance Accountability and Observation Rubric training in August prior to the first day of school annually. The training details all the attendance requirements for the program in the attendance system and how to ensure all information is accurate. Staff are required to follow Attendance Audit Guidelines to reconcile the attendance on the sign-in sheets with the attendance in CAS21 to ensure student attendance accuracy. The mandatory CAS21 Attendance Accountability trainings are provided prior to the start of the school year and offered monthly for new staff and existing staff in need of a refresher. The PrimeTime Partner administrative staff are required to review the attendance each month prior to submitting the ASES attendance reports to the Extended Learning Opportunities Department on the tenth of the following month.

The Extended Learning Opportunities Department created the PrimeTime Observation Part A tool to provide support to staff as need and ensure the attendance requirements are implemented in alignment with ASES state attendance requirements. The Extended Learning Opportunities Department staff conducts unannounced school site observations (Observation Part A) as an initial attendance audit between October through December each school year; however, due to COVID-19 restrictions this did not take place during the 2021-22 school year. The PrimeTime Partner administrative staff are also required to conduct unannounced school site observations (Observation Part A) as an initial attendance audit between August through October each school year; however, due to COVID-19 restrictions these also did not take place during the 2021-22 school year. In addition, COVID-19 was a significant factor in some lapses in program procedures and requirements for the 2021-22 school year due to staff being inundated with COVID-19 positive and symptom cases among students and staff and close contact tracing requirements; staff shortage, absenteeism, and staff turn-over.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2022-005 DEFICIENCY – STATE COMPLIANCE – AFTER/BEFORE SCHOOL EDUCATION AND SAFETY PROGRAM (40000) (Continued)

Views of Responsible Officials and Planned Corrective Action: (Continued)

Beginning 2022-23 school year, the Extended Learning Opportunities Department implemented a back to basics mandatory staff trainings with an emphasis on Attendance and the Observation Rubrics in August prior to the start of the new school year. We will continue to provide mandatory staff trainings and planning to resume both District's Extended Learning Opportunities Department and PrimeTime Partner administrative staff unannounced site visits and observations throughout the school year monitoring attendance to ensure attendance is completed and submitted accurately. Additionally, the Extended Learning Opportunities Department included enrollment and attendance as a focus and permanent agenda item for our monthly PrimeTime Partner administrative staff meetings. Our goal is to continue to make every effort to report attendance with 100% accuracy.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2022-006 DEFICIENCY – STATE COMPLIANCE – IMMUNIZATIONS (40000)

Criteria: Verify that each pupil had two doses of a varicella vaccine and two doses of a measles vaccine as required by Title 17, California Code of Regulations section 6025 prior to admission, or has a current medical exemption from varicella and measles immunization on file.

If the pupil had only one dose of either vaccine prior to admission, verify the second dose was received within four calendar months after the first dose.

Condition: Immunization records evidencing a second dose of varicella and measles vaccine were not obtained for one student, however, the student was admitted and attendance was claimed for the disallowed period.

Context: We performed the audit procedures enumerated in the State of California *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* and identified the finding described above.

Effect: The District is not in compliance with the Title 17, California Code of Regulations section 6025 due to the inconsistency noted.

Cause: The District improperly admitted the student and claimed average daily attendance in the period in which the second dose had not yet been received.

Fiscal impact: Average daily attendance was overstated by 0.87 ADA for the fiscal year 2021-22. No fiscal impact is determinable

Recommendation: The District should ensure the Title 17, California Code of Regulations section 6025 requirements are properly followed prior to admission.

Views of Responsible Officials and Planned Corrective Action: The District agrees with the auditor's recommendations. The District's previous immunization registry was replaced in April 2022. The new system, Paradigm-Healthcare Student Health Network, will allow reports to be run by school site. With this new system, reports will be more accurate, which will facilitate proper maintenance of immunization records.

STATUS OF PRIOR YEAR

FINDINGS AND RECOMMENDATIONS

2021-001 DEFICIENCY – INTERNAL CONTROL – ASSOCIATED STUDENT BODY (30000)

Condition: Lafayette Elementary – Pre-approval of expenditures was not formally documented by the proper individuals before a warrant was disbursed

Recommendation: This is a repeat finding. Based on the deficiencies identified above, we recommend that approval of expenditures be formally documented by the proper individuals prior to the warrant being issued

Current Status: Not implemented.

District Explanation if Not Implemented: See current year finding 2022-001.

2021-002 DEFICIENCY – STATE COMPLIANCE – COMPREHENSIVE SCHOOL SAFETY PLAN (40000)

Condition: 3 of the 18 comprehensive school safety plans inspected were reviewed and approved after March 1, 2021

Recommendation: The District should ensure the school safety plans are prepared and reviewed by the March 1, 2021 reporting date

Current Status: Not implemented.

District Explanation if Not Implemented: See current year finding 2022-004.