



January 30, 2023

To the Governing Board
Santee School District
Santee, California

We have audited the financial statements of Santee School District as of and for the year ended June 30, 2022, and have issued our report thereon dated January 30, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards* and our Compliance Audit under the Uniform Guidance

As communicated in our letter dated June 28, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether the District complied with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs. Our audit of the financial statements and major program compliance does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Our responsibility, as prescribed by professional standards as it relates to the audit of the District's major federal program compliance, is to express an opinion on the compliance for each of District's major federal programs based on our audit of the types of compliance requirements referred to above. An audit of major program compliance includes consideration of internal control over compliance with the types of compliance requirements referred to above as a basis for designing 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 internal control over compliance. Accordingly, as a part of our major program compliance audit, we considered internal control over compliance for these purposes and not to provide any assurance on the effectiveness of the District's internal control over compliance.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our 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* dated January 30, 2023. We have also provided our comments regarding compliance with the types of compliance requirements referred to above and internal controls over compliance during our audit in our Independent Auditor's Report on Compliance with Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance dated January 30, 2023.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. As described in Note 1, the District changed accounting policies related to accounting for leases to adopt the provisions of GASB Statement No. 87, *Leases*. The effect of the implementation of this standard did not have an effect on net position or fund balance as of July 1, 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments

The most sensitive accounting estimates affecting the financial statements are:

Governmental Accounting Standards Board (GASB) requires the District to calculate, recognize, and report the costs and obligations associated with pensions in their financial statements. These amounts were all determined based on the District's proportionate share of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) estimated net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, which utilized projections of future contributions and future earnings, actuarial assumptions such as inflation, salary increases, mortality rates, and investment rate of return and discount rates in the determination of the final balances reported in the CalSTRS and CalPERS audited financial statements. The District's proportionate share was determined by calculating the District's share of contributions to the pension plan relative to the contributions of all participating entities in the plan.

Management's estimate of the OPEB liability, related deferred outflows of resources, and OPEB expense are based on a calculation of actuarially determined contributions for health insurance benefits.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to Other Postemployment Benefits (OPEB) Liability (Note 10) and Employee Retirement Systems (Note 13).

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no uncorrected misstatements.

The following misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

General Fund	
Understatement of prepaid expenditures	\$213,606
Overstatement of expenditures	\$213,606
Overstatement of receivables	\$213,606
Overstatement of federal revenues	\$213,606
Aggregate Remaining Funds - Cafeteria Fund	
Overstatement of state revenues	\$127,727
Understatement of federal revenues	\$127,727

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District’s financial statements or the auditor’s report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor’s Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor’s report. We did not identify any circumstances that affect the form and content of the auditor’s report.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated January 30, 2023.

Management’s Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District’s auditors.

The District's financial statements include the financial statements of Santee School District Facilities Corporation (the Corporation). For the purposes of our audit, we consider the District to be a significant component of the financial statements; however, we do not consider the Corporation to be a significant component of the financial statements. Consistent with the audit of the District's financial statements as a whole, our audit included obtaining an understanding of District and the Corporation and their environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements of District and the Corporation and completion of further audit procedures.

This report is intended solely for the information and use of the governing board, and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Eide Bailly LLP

Rancho Cucamonga, California



Financial Statements
June 30, 2022

Santee School District

Independent Auditor’s Report.....	1
Management’s Discussion and Analysis	5
Government Wide Financial Statements	
Statement of Net Position	13
Statement of Activities.....	14
Government Fund Financial Statements	
Balance Sheet – Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Proprietary Fund Financial Statements	
Statement of Net Position – Proprietary Funds.....	23
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	24
Statement of Cash Flows – Proprietary Funds.....	25
Notes to Financial Statements.....	26
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	67
Schedule of Changes in the District’s Total OPEB Liability and Related Ratios	68
Schedule of the District’s Proportionate Share of the Net OPEB Liability – MPP Program.....	69
Schedule of the District’s Proportionate Share of the Net Pension Liability	70
Schedule of the District’s Contributions	71
Notes to Required Supplementary Information	72
Supplementary Information	
Schedule of Expenditures of Federal Awards	74
Local Education Agency Organization Structure.....	77
Schedule of Average Daily Attendance.....	78
Schedule of Instructional Time	79
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	80
Schedule of Financial Trends and Analysis	81
Combining Balance Sheet – Non-Major Governmental Funds	82
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds.....	83
Notes to Supplementary Information.....	85
Independent Auditor’s Reports	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	87

Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	89
Independent Auditor’s Report on State Compliance.....	92
Schedule of Findings and Questioned Costs	
Summary of Auditor’s Results.....	97
Financial Statement Findings	98
Federal Awards Findings and Questioned Costs.....	100
State Awards Findings and Questioned Costs	101
Summary Schedule of Prior Audit Findings.....	102



Independent Auditor's Report

To the Governing Board
Santee School District
Santee, California

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the each major fund, and the aggregate remaining fund information of the Santee 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*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Santee 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.

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, Leases, for the year ended June 30, 2022. The effect of the implementation of this standard had no effect on net position as of July 1, 2021. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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 the Santee 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 the Santee 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, budgetary comparison information, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net OPEB liability – MPP program, schedule of the District's proportionate share of the net pension liability, and the schedule of District's contributions, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Santee School District's basic financial statements. The 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*, combining non-major governmental fund financial statements, 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 was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2023 on our consideration of Santee 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 Santee 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 Santee School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Rancho Cucamonga, California
January 30, 2023

This section of Santee School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022, with comparative information for the year ended June 30, 2021. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The Government-Wide Financial Statements present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the District (including capital assets), deferred outflows of resources, as well as all liabilities (including long-term liabilities) and deferred inflows of resources. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements for each of the two categories of activities: governmental and proprietary.

- The *Governmental Funds* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.
- The *Proprietary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

The Primary unit of the government is the Santee School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's operating results. Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, we separate the District activities as follows:

Governmental Activities - Most of the District's services are reported in this category. This includes the education of kindergarten through grade eight students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

Business-Type Activities - The District charges fees to help it cover the costs of certain services it provides. The District's Project SAFE and YALE programs and services are included here.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

Governmental Funds - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following the governmental fund financial statements.

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position. In fact, the District's enterprise funds are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

The District continues to focus on its Fiscal Accountability Goal to: Financially support the vision, mission, and goals of the District by maximizing resources, controlling expenses, and managing assets to ensure fiscal solvency and flexibility. For 2021-22, the District also focused on using one-time COVID related funds, provided by the Federal Government, in a strategic manner to accelerate learning recovery for students negatively impacted by the pandemic. In addition, the District's Local Control Accountability Plan incorporates 22 action steps to fund operations and increase or improve services for students. The District continues to monitor budget and economic assumptions and conditions in order to proactively respond to changing circumstances and ensure the District maintains solvency and flexibility while providing the highest quality educational program.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$32,240,293 for the fiscal year ended June 30, 2022. Of this amount, \$(51,086,343) was unrestricted deficit. The 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 the net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's activities.

Table 1

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 55,161,644	\$ 54,096,749	\$ 1,314,301	\$ 1,195,758	\$ 56,475,945	\$ 55,292,507
Capital assets	141,394,243	143,730,282	-	-	141,394,243	143,730,282
Total assets	<u>196,555,887</u>	<u>197,827,031</u>	<u>1,314,301</u>	<u>1,195,758</u>	<u>197,870,188</u>	<u>199,022,789</u>
Deferred outflows of resources	<u>33,964,852</u>	<u>38,679,360</u>	<u>550,223</u>	<u>680,786</u>	<u>34,515,075</u>	<u>39,360,146</u>
Liabilities						
Current liabilities	4,795,551	8,913,629	70,644	221,516	4,866,195	9,135,145
Long-term liabilities	<u>156,858,627</u>	<u>199,046,947</u>	<u>3,090,918</u>	<u>4,310,766</u>	<u>159,949,545</u>	<u>203,357,713</u>
Total liabilities	<u>161,654,178</u>	<u>207,960,576</u>	<u>3,161,562</u>	<u>4,532,282</u>	<u>164,815,740</u>	<u>212,492,858</u>
Deferred inflows of resources	<u>34,239,128</u>	<u>3,779,443</u>	<u>1,090,102</u>	<u>77,530</u>	<u>35,329,230</u>	<u>3,856,973</u>
Net Position						
Net investment in capital assets	67,173,901	65,226,350	-	-	67,173,901	65,226,350
Restricted	16,152,735	15,219,425	-	-	16,152,735	15,219,425
Unrestricted	<u>(48,699,203)</u>	<u>(55,679,403)</u>	<u>(2,387,140)</u>	<u>(2,733,268)</u>	<u>(51,086,343)</u>	<u>(58,412,671)</u>
Total net position	<u>\$ 34,627,433</u>	<u>\$ 24,766,372</u>	<u>\$ (2,387,140)</u>	<u>\$ (2,733,268)</u>	<u>\$ 32,240,293</u>	<u>\$ 22,033,104</u>

The \$(48,699,203) in unrestricted deficit net position of governmental activities represents the accumulated results of all past years' operations.

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on pages 14 and 15. Table 2 takes the information from the Statement and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues						
Charges for services and sales	\$ 632,938	\$ 107,186	\$ -	\$ -	\$ 632,938	\$ 107,186
Operating grants and contributions	23,426,610	23,811,581	712,087	594,936	24,138,697	24,406,517
General revenues						
Federal and State aid not restricted	42,926,492	41,197,971	2,329	9,652	42,928,821	41,207,623
Property taxes	27,450,900	25,719,377	-	-	27,450,900	25,719,377
Other general revenues	184,608	2,231,227	2,331,312	1,979,623	2,515,920	4,210,850
Total revenues	94,621,548	93,067,342	3,045,728	2,584,211	97,667,276	95,651,553
Expenses						
Instruction-related	56,045,907	66,455,045	-	-	56,045,907	66,455,045
Pupil services	9,592,864	9,085,791	-	-	9,592,864	9,085,791
Administration	5,692,609	5,443,035	-	-	5,692,609	5,443,035
Plant services	8,074,773	9,032,829	-	-	8,074,773	9,032,829
All other services	5,222,795	5,398,314	2,831,139	3,526,484	8,053,934	8,924,798
Total expenses	84,628,948	95,415,014	2,831,139	3,526,484	87,460,087	98,941,498
Transfers	(131,539)	-	131,539	-	-	-
Change in net position	\$ 9,861,061	\$ (2,347,672)	\$ 346,128	\$ (942,273)	\$ 10,207,189	\$ (3,289,945)

Governmental Activities

As reported in the *Statement of Activities* on pages 14 and 15, the cost of all of our governmental activities this year was \$84,628,948. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$27,450,900 because the cost was paid by those who benefited from the programs (\$632,938) or by other governments and organizations who subsidized certain programs with grants and contributions (\$23,426,610). We paid for the remaining "public benefit" portion of our governmental activities with \$42,926,492 in Federal and State funds, and with \$184,608 with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost of all our governmental activities by function: instruction including instruction-related services, pupil services, administration, plant services, and all other services. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
Instruction-related	\$ 56,045,907	\$ 66,455,045	\$ (43,647,993)	\$ (49,471,528)
Pupil services	9,592,864	9,085,791	(3,043,643)	(4,240,252)
Administration	5,692,609	5,443,035	(3,510,384)	(4,985,711)
Plant services	8,074,773	9,032,829	(6,932,080)	(7,546,620)
All other services	5,222,795	5,398,314	(3,435,300)	(5,252,141)
Total	<u>\$ 84,628,948</u>	<u>\$ 95,415,014</u>	<u>\$ (60,569,400)</u>	<u>\$ (71,496,252)</u>

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$51,184,719 which is an increase of \$5,240,273 from last year (Table 4).

Table 4

Governmental Fund	Balances and Activity			
	June 30, 2021	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2022
General	\$ 26,720,300	\$ 87,158,279	\$ 84,082,123	\$ 29,796,456
Building	12,539	189,414	201,953	-
Capital Facilities	6,112,297	1,288,060	1,385,059	6,015,298
Special Reserve for Capital Outlay Projects	4,742,963	2,480,667	692,442	6,531,188
Student Activity	21,859	10,189	17,580	14,468
Child Development	77,223	408,329	373,859	111,693
Cafeteria	1,514,023	4,269,733	3,554,003	2,229,753
Deferred Maintenance	887,838	527,458	486,869	928,427
Bond Interest and Redemption	5,394,806	5,216,449	5,518,083	5,093,172
Debt Service for Blended Component Units	460,598	1,591,251	1,587,585	464,264
Total	<u>\$ 45,944,446</u>	<u>\$ 103,139,829</u>	<u>\$ 97,899,556</u>	<u>\$ 51,184,719</u>

The primary reasons for these increases are:

1. The General Fund is the District's principal operating fund. The fund balance of the General Fund increased by \$3,076,156 from the previous year due primarily to receipt of one-time monies.
2. The Cafeteria Fund increased by \$715,730 due to receipt of additional funding from the Federal and State governments to provide free meals to all students.
3. The Special Reserve Fund for Capital Outlay Projects increased by \$1,788,225 due to two, one-time transfers to the technology replenishment reserve and facilities needs set-aside funds.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets and Right-to-Use Leased Assets

At June 30, 2022, the District had \$141,394,243 in a broad range of capital assets and right-to-use leased assets (net of depreciation and amortization), including land, construction, buildings, furniture and equipment, and leased assets. This amount represents a net decrease (including additions, deductions, depreciation, and amortization) of \$2,336,039, or 1.63%, from last year (Table 5). We present more detailed information about our capital assets and right-to-use leased assets in Note 5 to the financial statements.

Table 5

	Governmental Activities	
	2022	2021
Land and construction in progress	\$ 34,052,115	\$ 50,752,353
Buildings and improvements	104,423,346	90,443,429
Equipment	2,850,970	2,534,500
Right-to-use leased assets	67,812	-
Total	<u>\$ 141,394,243</u>	<u>\$ 143,730,282</u>

Long-Term Liabilities

At the end of the year, the District had \$159,949,545 in long-term liabilities outstanding versus \$203,357,713 last year, a decrease of 21.35%. Those long-term liabilities consisted of:

Table 6

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Long-Term Liabilities						
General obligation bonds	\$ 74,187,162	\$ 76,140,600	\$ -	\$ -	\$ 74,187,162	\$ 76,140,600
Certificates of participation	23,488,992	24,081,359	-	-	23,488,992	24,081,359
Unamortized premiums	4,903,252	5,245,498	-	-	4,903,252	5,245,498
Finance purchase agreement (Private placement debt)	103,364	152,432	-	-	103,364	152,432
Leases	34,062	-	-	-	34,062	-
Compensated absences	632,206	474,800	-	-	632,206	474,800
Net OPEB liability	11,587,935	11,459,131	807,728	799,548	12,395,663	12,258,679
Aggregate net pension liability	41,921,654	81,493,127	2,283,190	3,511,218	44,204,844	85,004,345
Total	<u>\$156,858,627</u>	<u>\$199,046,947</u>	<u>\$ 3,090,918</u>	<u>\$ 4,310,766</u>	<u>\$159,949,545</u>	<u>\$203,357,713</u>

The State limits the amount of general obligation debt that districts can issue to 5% of the assessed value of all property within the District's boundaries. The District's outstanding general obligation bonds of \$74,187,162 is significantly below the statutorily-imposed limit.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is 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 Karl Christensen, Assistant Superintendent, Business Services, at Santee School District, 9625 Cuyamaca Street, Santee, California, 92071, or e-mail at karl.christensen@santeesd.net.

Santee School District
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Deposits and investments	\$ 49,133,422	\$ 1,288,622	\$ 50,422,044
Receivables	5,096,325	46,533	5,142,858
Internal balances	20,854	(20,854)	-
Prepaid expense	589,475	-	589,475
Stores inventories	321,568	-	321,568
Capital assets not depreciated	34,052,115	-	34,052,115
Capital assets, net of accumulated depreciation	107,274,316	-	107,274,316
Right-to-use leased assets, net of accumulated amortization	67,812	-	67,812
Total assets	<u>196,555,887</u>	<u>1,314,301</u>	<u>197,870,188</u>
Deferred Outflows of Resources			
Deferred charge on refunding	12,846,627	-	12,846,627
Deferred outflows of resources related to OPEB	1,650,485	62,404	1,712,889
Deferred outflows of resources related to pensions	19,467,740	487,819	19,955,559
Total deferred outflows of resources	<u>33,964,852</u>	<u>550,223</u>	<u>34,515,075</u>
Liabilities			
Accounts payable	3,189,885	70,644	3,260,529
Interest payable	818,626	-	818,626
Unearned revenue	787,040	-	787,040
Long-term liabilities			
Long-term liabilities other than OPEB and pensions due within one year	4,625,237	-	4,625,237
Long-term liabilities other than OPEB and pensions due in more than one year	98,723,801	-	98,723,801
Net other postemployment benefits (OPEB) liability	11,587,935	807,728	12,395,663
Aggregate net pension liability	41,921,654	2,283,190	44,204,844
Total liabilities	<u>161,654,178</u>	<u>3,161,562</u>	<u>164,815,740</u>
Deferred Inflows of Resources			
Deferred inflows of resources related to OPEB	1,820,287	68,824	1,889,111
Deferred inflows of resources related to pensions	32,418,841	1,021,278	33,440,119
Total deferred inflows of resources	<u>34,239,128</u>	<u>1,090,102</u>	<u>35,329,230</u>
Net Position			
Net investment in capital assets	67,173,901	-	67,173,901
Restricted for			
Debt service	4,738,810	-	4,738,810
Capital projects	6,015,298	-	6,015,298
Educational programs	3,119,347	-	3,119,347
Other restrictions	2,279,280	-	2,279,280
Unrestricted	(48,699,203)	(2,387,140)	(51,086,343)
Total net position	<u>\$ 34,627,433</u>	<u>\$ (2,387,140)</u>	<u>\$ 32,240,293</u>

Santee School District
Statement of Activities
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
Instruction	\$ 49,490,731	\$ 354	\$ 12,029,886	\$ (37,460,491)	\$ -	\$ (37,460,491)
Instruction-related activities						
Supervision of instruction	1,144,388	-	243,651	(900,737)	-	(900,737)
Instructional library, media, and technology	1,999,847	-	18,880	(1,980,967)	-	(1,980,967)
School site administration	3,410,941	-	105,143	(3,305,798)	-	(3,305,798)
Pupil services						
Home-to-school transportation	1,656,534	-	1,930	(1,654,604)	-	(1,654,604)
Food services	3,613,749	21,906	3,861,614	269,771	-	269,771
All other pupil services	4,322,581	41,097	2,622,674	(1,658,810)	-	(1,658,810)
Administration						
Data processing	1,648,445	-	773,017	(875,428)	-	(875,428)
All other administration	4,044,164	8,935	1,400,273	(2,634,956)	-	(2,634,956)
Plant services	8,074,773	217,167	925,526	(6,932,080)	-	(6,932,080)
Ancillary services	17,580	-	10,190	(7,390)	-	(7,390)
Community services	283,013	124,020	1,367,735	1,208,742	-	1,208,742
Enterprise services	12,960	-	12,928	(32)	-	(32)
Interest on long-term liabilities	4,882,678	-	-	(4,882,678)	-	(4,882,678)
Other outgo	26,564	219,459	53,163	246,058	-	246,058
Total governmental activities	84,628,948	632,938	23,426,610	(60,569,400)	-	(60,569,400)
Business-Type Activities						
Enterprise services	2,831,139	-	712,087	-	(2,119,052)	(2,119,052)
Total primary government	\$ 87,460,087	\$ 632,938	\$ 24,138,697	(60,569,400)	(2,119,052)	(62,688,452)

See Notes to Financial Statements

Santee School District
Statement of Activities
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total
General Revenues and Subventions						
Property taxes, levied for general purposes				\$ 21,306,536	\$ -	\$ 21,306,536
Property taxes, levied for debt service				5,333,988	-	5,333,988
Taxes levied for other specific purposes				810,376	-	810,376
Federal and State aid not restricted to specific purposes				42,926,492	2,329	42,928,821
Interest and investment earnings				(1,123,782)	(27,317)	(1,151,099)
Miscellaneous				1,308,390	2,358,629	3,667,019
Subtotal, general revenues and subventions				<u>70,562,000</u>	<u>2,333,641</u>	<u>72,895,641</u>
Transfers				<u>(131,539)</u>	<u>131,539</u>	<u>-</u>
Total general revenues, subventions, and transfers				<u>70,430,461</u>	<u>2,465,180</u>	<u>72,895,641</u>
Change in Net Position				9,861,061	346,128	10,207,189
Net Position - Beginning				<u>24,766,372</u>	<u>(2,733,268)</u>	<u>22,033,104</u>
Net Position - Ending				<u>\$ 34,627,433</u>	<u>\$ (2,387,140)</u>	<u>\$ 32,240,293</u>

Santee School District
Balance Sheet – Governmental Funds
June 30, 2022

	General Fund	Building Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Assets						
Deposits and investments	\$ 28,375,895	\$ -	\$ 6,019,546	\$ 6,681,470	\$ 8,056,511	\$ 49,133,422
Receivables	4,253,401	-	12,552	9,715	820,657	5,096,325
Due from other funds	435,042	-	-	-	26,400	461,442
Prepaid expenditures	589,475	-	-	-	-	589,475
Stores inventories	244,934	-	-	-	76,634	321,568
Total assets	\$ 33,898,747	\$ -	\$ 6,032,098	\$ 6,691,185	\$ 8,980,202	\$ 55,602,232
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 3,136,079	\$ -	\$ 16,800	\$ -	\$ 37,006	\$ 3,189,885
Due to other funds	179,172	-	-	159,997	101,419	440,588
Unearned revenue	787,040	-	-	-	-	787,040
Total liabilities	4,102,291	-	16,800	159,997	138,425	4,417,513
Fund Balances						
Nonspendable	854,409	-	-	-	76,634	931,043
Restricted	3,119,347	-	6,015,298	-	7,836,716	16,971,361
Committed	-	-	-	-	928,427	928,427
Assigned	972,016	-	-	6,531,188	-	7,503,204
Unassigned	24,850,684	-	-	-	-	24,850,684
Total fund balances	29,796,456	-	6,015,298	6,531,188	8,841,777	51,184,719
Total liabilities and fund balances	\$ 33,898,747	\$ -	\$ 6,032,098	\$ 6,691,185	\$ 8,980,202	\$ 55,602,232

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

Total Fund Balance - Governmental Funds		\$ 51,184,719
<p>Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because</p> <p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.</p>		
The cost of capital assets is		\$ 199,784,441
Accumulated depreciation is		<u>(58,458,010)</u>
Net capital assets		141,326,431
<p>Right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.</p>		
The cost of right-to-use leased assets is		135,624
Accumulated amortization is		<u>(67,812)</u>
Net right-to-use leased assets		67,812
<p>In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.</p>		
		(818,626)
<p>Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to</p>		
Deferred charge on refunding		12,846,627
Other postemployment benefits (OPEB) liability		1,650,485
Aggregate net pension liability		<u>19,467,740</u>
Total deferred outflows of resources		33,964,852
<p>Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to</p>		
Net other postemployment benefits (OPEB) liability		(1,820,287)
Aggregate net pension liability		<u>(32,418,841)</u>
Total deferred inflows of resources		(34,239,128)
<p>Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.</p>		
		(41,921,654)
<p>The District's net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.</p>		
		(11,587,935)

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

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 year-end consist of

General obligation bonds	\$ (59,631,442)
Premium on issuance of general obligations bonds	(4,336,420)
Certificates of participation	(22,394,849)
Premium on issuance of certificates of participation	(566,832)
Finance purchase agreement (private placement debt)	(103,364)
Leases	(34,062)
Compensated absences	(632,206)
In addition, capital appreciation general obligation bonds and capital appreciation certificates of participation were issued. The accretion of interest to date on the general obligation bonds and certificates of participation are	(15,649,863)

Total long-term liabilities	\$ (103,349,038)
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Total net position - governmental activities	\$ 34,627,433
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Santee School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2022

	General Fund	Building Fund	Capital Facilities Fund
Revenues			
Local Control Funding Formula	\$ 62,701,408	\$ -	\$ -
Federal sources	6,742,798	-	-
Other State sources	12,603,150	-	-
Other local sources	5,041,777	(4,911)	1,288,060
Total revenues	<u>87,089,133</u>	<u>(4,911)</u>	<u>1,288,060</u>
Expenditures			
Current			
Instruction	54,812,330	-	-
Instruction-related activities			
Supervision of instruction	1,238,764	-	-
Instructional library, media, and technology	1,475,365	-	-
School site administration	3,762,050	-	-
Pupil services			
Home-to-school transportation	1,640,018	-	-
Food services	-	-	-
All other pupil services	4,501,387	-	-
Administration			
Data processing	1,423,518	-	-
All other administration	4,004,006	-	6,688
Plant services	6,931,793	-	17,900
Ancillary services	-	-	-
Community services	297,663	-	-
Other outgo	26,564	-	-
Enterprise services	12,960	-	-
Facility acquisition and construction	135,624	201,953	289,923
Debt service			
Principal	35,084	-	-
Interest and other	-	-	-
Total expenditures	<u>80,297,126</u>	<u>201,953</u>	<u>314,511</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>6,792,007</u>	<u>(206,864)</u>	<u>973,549</u>
Other Financing Sources (Uses)			
Transfers in	-	194,325	-
Other sources - leases	69,146	-	-
Transfers out	(3,784,997)	-	(1,070,548)
Net Financing Sources (Uses)	<u>(3,715,851)</u>	<u>194,325</u>	<u>(1,070,548)</u>
Net Change in Fund Balances	3,076,156	(12,539)	(96,999)
Fund Balance - Beginning	<u>26,720,300</u>	<u>12,539</u>	<u>6,112,297</u>
Fund Balance - Ending	<u>\$ 29,796,456</u>	<u>\$ -</u>	<u>\$ 6,015,298</u>

Santee School District

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended June 30, 2022

	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Local Control Funding Formula	\$ -	\$ -	\$ 62,701,408
Federal sources	-	4,072,693	10,815,491
Other State sources	-	644,241	13,247,391
Other local sources	(117,857)	5,168,897	11,375,966
Total revenues	<u>(117,857)</u>	<u>9,885,831</u>	<u>98,140,256</u>
Expenditures			
Current			
Instruction	-	298,075	55,110,405
Instruction-related activities			
Supervision of instruction	-	56,223	1,294,987
Instructional library, media, and technology	-	7,916	1,483,281
School site administration	-	-	3,762,050
Pupil services			
Home-to-school transportation	-	-	1,640,018
Food services	-	3,402,861	3,402,861
All other pupil services	-	2,280	4,503,667
Administration			
Data processing	-	-	1,423,518
All other administration	-	91,771	4,102,465
Plant services	431,602	555,605	7,936,900
Ancillary services	-	17,580	17,580
Community services	-	-	297,663
Other outgo	-	-	26,564
Enterprise services	-	-	12,960
Facility acquisition and construction	-	-	627,500
Debt service			
Principal	49,068	4,693,358	4,777,510
Interest and other	5,351	2,412,310	2,417,661
Total expenditures	<u>486,021</u>	<u>11,537,979</u>	<u>92,837,590</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(603,878)</u>	<u>(1,652,148)</u>	<u>5,302,666</u>
Other Financing Sources (Uses)			
Transfers in	2,598,524	2,137,578	4,930,427
Other sources - leases	-	-	69,146
Transfers out	(206,421)	-	(5,061,966)
Net Financing Sources (Uses)	<u>2,392,103</u>	<u>2,137,578</u>	<u>(62,393)</u>
Net Change in Fund Balances	1,788,225	485,430	5,240,273
Fund Balance - Beginning	<u>4,742,963</u>	<u>8,356,347</u>	<u>45,944,446</u>
Fund Balance - Ending	<u>\$ 6,531,188</u>	<u>\$ 8,841,777</u>	<u>\$ 51,184,719</u>

Santee School District

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

Total Net Change in Fund Balances - Governmental Funds \$ 5,240,273

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities.

This is the amount by which depreciation and amortization exceeds capital outlay in the period.

Depreciation and amortization expenses	\$ (3,875,223)
Capital outlay	<u>1,539,184</u>

Net expense adjustment	(2,336,039)
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Some of the leased assets acquired this year were financed with leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the leases are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.

(69,146)

In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used.

(157,406)

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and aggregate net pension liability during the year.

4,913,059

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.

(42,173)

Santee School District

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

Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.

Premium amortization	\$ 342,246
Deferred charge on refunding amortization	(602,410)

Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

General obligation bonds	3,988,358
Finance purchase agreement (private placement debt)	49,068
Certificates of participation	705,000
Leases	35,084

Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.

(2,204,853)

Change in net position of governmental activities

\$ 9,861,061

Santee School District
Statement of Net Position – Proprietary Funds
June 30, 2022

	Business-Type Activities
	Childcare Enterprise Fund
Assets	
Current assets	
Deposits and investments	\$ 1,288,622
Receivables	46,533
Due from other funds	152,772
Total assets	1,487,927
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	62,404
Deferred outflows of resources related to pensions	487,819
Total deferred outflows of resources	550,223
Liabilities	
Current liabilities	
Accounts payable	70,644
Due to other funds	173,626
Total current liabilities	244,270
Noncurrent liabilities	
Total other postemployment benefits (OPEB) liability	807,728
Aggregate net pension liability	2,283,190
Total noncurrent liabilities	3,090,918
Total liabilities	3,335,188
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	68,824
Deferred inflows of resources related to pensions	1,021,278
Total deferred outflows of resources	1,090,102
Net Position	
Unrestricted deficit	\$ (2,387,140)

Santee School District
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
Year Ended June 30, 2022

	Business-Type Activities
	Childcare Enterprise Fund
Operating Revenues	
Charges for services	\$ 3,070,716
Operating Expenses	
Payroll costs	2,544,190
Supplies and materials	95,871
Facility rental	18,762
Other operating cost	172,316
Total operating expenses	2,831,139
Operating Income	239,577
Nonoperating Revenues (Expenses)	
Grants	2,329
Unrealized gain/(loss) on investments	(36,241)
Interest income	8,924
Total nonoperating revenues (expenses)	(24,988)
Income before transfers	214,589
Transfers in	131,539
Change in Net Position	346,128
Total Net Position (Deficit) - Beginning	(2,733,268)
Total Net Position (Deficit) - Ending	\$ (2,387,140)

Santee School District
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2022

	Business-Type Activities
	Childcare Enterprise Fund
Operating Activities	
Cash receipts from customers	\$ 2,848,183
Cash payments to other suppliers of goods or services	(95,871)
Cash payments to employees for services	(2,771,775)
Other operating cash payments	(191,078)
	(210,541)
Net Cash Used for Operating Activities	(210,541)
Noncapital Financing Activities	
Transfers in	131,539
Nonoperating grants received	2,329
	133,868
Net Cash From Noncapital Financing Activities	133,868
Investing Activities	
Loss on investments	(36,241)
Interest on investments	8,924
	(27,317)
Net Cash Used for Investing Activities	(27,317)
Net Change in Cash and Cash Equivalents	(103,990)
Cash and Cash Equivalents, Beginning	1,392,612
Cash and Cash Equivalents, Ending	\$ 1,288,622
Reconciliation of Operating Income to Net Cash From Operating Activities	
Operating income	\$ 239,577
Adjustments to reconcile operating income to net cash used for operating activities	
Pension expense	(80,161)
OPEB expense	3,448
Changes in assets and liabilities	
Receivables	(24,952)
Due from other fund	(152,710)
Accounts payable	(150,872)
Due to other fund	(44,871)
	(448,355)
Net Cash Used for Operating Activities	\$ (210,541)

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Santee School District (the District) was organized in 1893, under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K-8 as mandated by the State and/or Federal agencies. The District operates one K-6 elementary school, eight K-8 elementary schools, and an alternative school program.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Santee School District, this includes general operations, food service, and student related activities of the District.

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component unit described below has a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units* and thus are included in the financial statements of the District. The component unit, although a legally separate entity, is reported in the financial statements used the blended presentation method as if it was part of the District's operations because the governing board of the component is essentially the same as the governing board of the District and because its purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The Santee School District School Facilities Corporation's (the Corporation) financial activity is presented in the financial statements in the Debt Service Fund for Blended Component Units. Certificates of participation and Qualified Zone Academy Bonds issued by the Corporation are included as long-term liabilities in the government-wide financial statements. Individually prepared financial statements are not prepared for the Corporation.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into two broad fund categories: governmental and proprietary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

One fund currently defined as a special revenue fund in the California State Accounting Manual (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund functions effectively as an extension of the General Fund, and accordingly has been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of \$3,079,349.

Building Fund The Building Fund exists 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.

Capital Facilities Fund The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

Special Reserve Fund for Capital Outlay Projects The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue funds are used to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

- **Student Activity Fund** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.
- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.
- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is 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).
- **Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes. (*Education Code* Section 17582).

Debt Service Funds The Debt Service funds are used to account for the accumulation of resources for, and the payment of, principal and interest on general long-term obligations.

- **Bond Interest and Redemption Fund** The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a district (*Education Code* Sections 15125-15262).
- **Debt Service Fund for Blended Component Units** The Debt Service Fund for Blended Component Units is used for the repayment of certificates of participation bonds issued by the Corporation.

Proprietary Funds Proprietary funds are used to account for activities that are more business-like than government in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal services. The District has no internal service funds and the following enterprise fund:

- **Enterprise Fund** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The only enterprise fund of the District accounts for the financial transactions related to the Project SAFE and YALE Programs of the District.

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the District and for each governmental function, and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities*, except for depreciation and amortization of leased assets. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major governmental funds are aggregated and presented in a single column.

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.
- **Proprietary Funds** Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

Unearned Revenue Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in the county investment pool are determined by the program sponsor.

Prepaid Expenditures (Expenses)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the weighted average basis. The costs of inventory items are recorded as expenditures in the governmental funds and expenses in the proprietary funds when consumed rather than when purchased.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. 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 but are expensed as incurred. Interest incurred during the construction of capital assets utilized by the enterprise fund is also capitalized.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements, 5 to 50 years; equipment, 2 to 15 years.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2022.

The District records the value of intangible right-to-use assets based on the underlying leased asset in accordance with GASB Statement No. 87, *Leases*. The right-to-use intangible asset is amortized each year for the term of the contract.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide Statement of Net Position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full, from current financial resources are reported as liabilities of the governmental funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, leases, and other long-term liabilities are recognized as liabilities in the governmental fund financial statements when due.

Debt Issuance Costs and Premiums

In the government-wide financial statements and in the proprietary fund type financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Debt premiums and discounts, as well as issuance costs, related to prepaid insurance costs are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the period the bonds are issued. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the period the bonds are issued.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items and for OPEB related items.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and additions to/deductions from the District Plan have been determined on the same basis as they are reported by the District Plan. For this purpose, the District Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund and Childcare Enterprise Fund.

Leases

The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District 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, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the lease term.

Fund Balances - Governmental Funds

As of June 30, 2022, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted one-time expenditures. The policy requires a reserve for economic uncertainties consisting of unassigned amounts equal to no less than 3% of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$16,152,735 of net position restricted by enabling legislation.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges for services related to the Project SAFE and YALE program. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Interfund Activity

Transfers between governmental and business-type activities in the government-wide financial statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental and business-type activities columns of the Statement of Activities, except for the net residual amounts transferred between governmental and business-type activities.

Estimates

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

Property Tax

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31. The County of San Diego bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Change in Accounting Principles

Implementation of GASB Statement No. 87

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain lease 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. Additional disclosures required by this standard is included in Note 1, Note 5, and Note 9.

Implementation of GASB Statement No. 89

As of July 1, 2021, The District adopted GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The implementation of this Standard establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

The provisions of this Statement have been implemented as of June 30, 2022 and did not have a significant impact on the financial statements.

Implementation of GASB Statement No. 92

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reporting.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.
- The applicability of Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits.

- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements.
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The provisions of this Statement have been implemented as of June 30, 2022 and did not have a significant impact on the financial statements.

Implementation of GASB Statement No. 93

In March 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment.
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate.
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable.
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap.
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended.
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The provisions of this Statement have been implemented as of June 30, 2022 and did not have a significant impact on the financial statements.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2022, are classified in the accompanying financial statements as follows:

Governmental funds	\$ 49,133,422
Proprietary funds	<u>1,288,622</u>
Total deposits and investments	<u><u>\$ 50,422,044</u></u>

Deposits and investments as of June 30, 2022, consisted of the following:

Cash on hand and in banks	\$ 1,816,369
Cash in revolving	20,000
Investments	<u>48,585,675</u>
Total deposits and investments	<u><u>\$ 50,422,044</u></u>

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

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

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by primarily investing in the San Diego County Treasury Investment Pool. The District maintains an investment of \$48,585,675 with the San Diego County Treasury Investment Pool that has a weighted average maturity of 551 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the San Diego County Treasury Investment Pool has been rated AAf/S1 by Fitch Ratings.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2022, the District's bank balance was not exposed to custodial credit risk.

Note 3 - Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.
- Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.
- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

As of June 30, 2022, the District's investments of \$48,585,675 in the San Diego County Treasury Investment Pool are uncategorized.

Note 4 - Receivables

Receivables at June 30, 2022, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Activities	Childcare Enterprise Fund
Federal Government						
Categorical aid	\$ 3,103,930	\$ -	\$ -	\$ 728,931	\$ 3,832,861	\$ -
State Government						
Categorical aid	558,855	-	-	88,973	647,828	-
Lottery	385,781	-	-	-	385,781	-
Local Government						
Interest	61,254	12,552	9,715	2,753	86,274	2,782
Other local sources	143,581	-	-	-	143,581	43,751
	<u>\$ 4,253,401</u>	<u>\$ 12,552</u>	<u>\$ 9,715</u>	<u>\$ 820,657</u>	<u>\$ 5,096,325</u>	<u>\$ 46,533</u>

Note 5 - Capital Assets

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

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 8,547,242	\$ -	\$ -	\$ 8,547,242
Construction in progress	42,205,111	568,129	(17,268,367)	25,504,873
Total capital assets not being depreciated	50,752,353	568,129	(17,268,367)	34,052,115
Capital assets being depreciated				
Land improvements	5,832,415	703,908	-	6,536,323
Buildings and improvements	130,870,643	16,554,684	-	147,425,327
Furniture and equipment	10,925,470	845,206	-	11,770,676
Total capital assets being depreciated	147,628,528	18,103,798	-	165,732,326
Total capital assets	198,380,881	18,671,927	(17,268,367)	199,784,441
Accumulated depreciation				
Land improvements	(3,696,720)	(153,838)	-	(3,850,558)
Buildings and improvements	(42,562,909)	(3,124,837)	-	(45,687,746)
Furniture and equipment	(8,390,970)	(528,736)	-	(8,919,706)
Total accumulated depreciation	(54,650,599)	(3,807,411)	-	(58,458,010)
Net depreciable capital assets	92,977,929	14,296,387	-	107,274,316
Right-to-use leased assets being amortized				
Buildings and improvements	-	135,624	-	135,624
Accumulated amortization				
Buildings and improvements	-	(67,812)	-	(67,812)
Net right-to-use leased assets	-	67,812	-	67,812
Governmental activities capital assets and right- to-use leased assets, net	\$ 143,730,282	\$ 14,864,516	\$ (17,268,367)	\$ 141,394,243

Depreciation and amortization expenses were charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instruction	\$ 1,081,178
Supervision of instruction	151,411
Instructional library, media, and technology	627,167
Home-to-school transportation	89,626
Food services	271,977
All other pupil services	61,634
Data processing	244,719
All other administration	122,511
Plant services	<u>1,225,000</u>
Total depreciation and amortization expenses all activities	<u><u>\$ 3,875,223</u></u>

Note 6 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2022, between major and non-major governmental funds and non-major enterprise funds are as follows:

Due To	Due From				Total
	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Childcare Enterprise Fund	
General Fund	\$ -	\$ 159,997	\$ 101,419	\$ 173,626	\$ 435,042
Non-Major Governmental Funds	26,400	-	-	-	26,400
Childcare Enterprise Fund	152,772	-	-	-	152,772
Total	\$ 179,172	\$ 159,997	\$ 101,419	\$ 173,626	\$ 614,214

The balance of \$99,690 is due to the General Fund from the Cafeteria Non-Major Governmental Fund for indirect costs, other postemployment benefits, and miscellaneous expenses.

The balance of \$173,626 is due to the General Fund from the Childcare Enterprise Fund for indirect costs and other postemployment benefits.

The balance of \$152,772 is due to the Childcare Enterprise Fund from the General Fund for cash flow purposes.

The balance of \$159,997 is due to the General Fund from the Special Reserve Fund for Capital Outlay Projects for reimbursement of construction costs.

All remaining balance resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Operating Transfers

Interfund transfers for the year ended June 30, 2022, consisted of the following:

The General Fund transferred to the Deferred Maintenance Non-Major Governmental for 3% routine restricted maintenance account contributions.	\$ 550,000
The General Fund transferred to the Special Reserve Fund for Capital Outlay Projects for debt service payments.	188,524
The General Fund transferred to the Debt Service Non-Major Governmental Fund for Blended Component Units for debt service payments.	504,934
The General Fund transferred to the Special Reserve Fund for Capital Outlay Projects for facility needs reserve.	1,000,000
The General Fund transferred to the Special Reserve Fund for Capital Outlay Projects for technology reserves.	1,410,000
The Capital Facilities Fund transferred to the Debt Service Non-Major Governmental Fund for Blended Component Units for debt service payments.	876,223
The Special Reserve Fund for Capital Outlay Projects transferred to the Debt Service Non-Major Governmental Fund for Blended Component Units for debt service payments.	206,421
The General Fund transferred to the Childcare Enterprise Fund for cash flow purposes.	131,539
The Capital Facilities Fund transferred to the Building Fund for reimbursement of construction costs.	<u>194,325</u>
Total	<u><u>\$ 5,061,966</u></u>

Note 7 - Accounts Payable

Accounts payable at June 30, 2022, consisted of the following:

	General Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds	Childcare Enterprise Fund
LCFF apportionment	\$ 399,345	\$ -	\$ -	\$ 399,345	\$ -
Salaries and benefits	871,142	-	21,392	892,534	62,570
Materials and supplies	246,983	-	7,149	254,132	3,103
Services	1,419,960	16,800	8,370	1,445,130	4,971
Other vendor payables	198,649	-	95	198,744	-
Total	<u><u>\$ 3,136,079</u></u>	<u><u>\$ 16,800</u></u>	<u><u>\$ 37,006</u></u>	<u><u>\$ 3,189,885</u></u>	<u><u>\$ 70,644</u></u>

Note 8 - Unearned Revenue

Unearned revenue at June 30, 2022, consisted of the following:

	General Fund
Federal financial assistance	\$ 288,936
State categorical aid	498,104
Total	\$ 787,040

Note 9 - Long-Term Liabilities Other Than OPEB and Pensions

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the year consisted of the following:

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 76,140,600	\$ 2,034,920	\$ (3,988,358)	\$ 74,187,162	\$ 3,785,384
Premium on issuance	4,651,674	-	(315,254)	4,336,420	-
Certificates of participation	24,081,359	112,633	(705,000)	23,488,992	755,000
Premium on issuance	593,824	-	(26,992)	566,832	-
Finance purchase agreement (Private placement debt)	152,432	-	(49,068)	103,364	50,791
Leases	-	69,146	(35,084)	34,062	34,062
Compensated absences	474,800	157,406	-	632,206	-
Total	\$ 106,094,689	\$ 2,374,105	\$ (5,119,756)	\$ 103,349,038	\$ 4,625,237

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund. Payments on the certificates of participation are made by the Debt Service Fund for Blended Component Units. Payments on the finance purchase agreement are made in the Special Reserve Fund for Capital Outlay Projects. Payments on the leases are made in the General Fund. Payments for compensated absences are typically liquidated in the General Fund, Child Development Fund, and Cafeteria Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2021	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2022
8/20/08	8/1/33	3.01-5.90%	\$ 2,869,039	\$ 3,940,433	\$ 211,252	\$ (255,000)	\$ 3,896,685
8/20/08	8/1/48	5.90-6.20%	7,840,155	8,032,590	515,709	-	8,548,299
5/1/11	5/1/51	6.90-8.10%	3,534,307	3,641,291	326,748	-	3,968,039
12/30/15	8/1/40	3.00-5.00%	26,715,104	25,040,140	457,369	(1,198,893)	24,298,616
2/3/16	8/1/45	4.71%	9,025,022	11,061,146	523,842	(124,465)	11,460,523
7/25/17	8/1/48	2.00-5.00%	10,750,000	10,055,000	-	(275,000)	9,780,000
11/7/19	8/1/29	1.91-4.00%	15,370,000	14,370,000	-	(2,135,000)	12,235,000
				<u>\$ 76,140,600</u>	<u>\$ 2,034,920</u>	<u>\$ (3,988,358)</u>	<u>\$ 74,187,162</u>

Debt Service Requirements to Maturity

The bonds mature through 2051 as follows:

Bonds Maturing Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest to Maturity	Current Interest to Maturity	Total
2023	\$ 3,768,197	\$ 17,187	\$ 1,402,375	\$ 5,187,759
2024	4,032,023	60,742	1,273,025	5,365,790
2025	4,316,444	104,927	1,131,000	5,552,371
2026	4,614,435	150,560	990,288	5,755,283
2027	3,415,954	210,665	877,550	4,504,169
2028-2032	17,901,013	2,174,310	2,739,050	22,814,373
2033-2037	11,338,745	11,006,582	1,433,838	23,779,165
2038-2042	11,848,759	17,203,593	1,216,819	30,269,171
2043-2047	9,642,798	16,093,640	717,750	26,454,188
2048-2051	3,308,794	12,132,378	69,125	15,510,297
Total	<u>\$ 74,187,162</u>	<u>\$ 59,154,584</u>	<u>\$ 11,850,820</u>	<u>\$ 145,192,566</u>

Certificates of Participation

The outstanding certificates of participation is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Certificates Outstanding July 1, 2021	Interest Accreted	Redeemed	Certificates Outstanding June 30, 2022
9/24/08	10/1/31	3.25-5.75%	\$ 23,699,849	\$ 1,861,359	\$ 112,633	\$ -	\$ 1,973,992
6/2/10	6/1/25	2.32-7.16%	2,260,000	670,000	-	(160,000)	510,000
12/22/15	10/1/42	3.00-5.00%	23,240,000	21,550,000	-	(545,000)	21,005,000
				<u>\$ 24,081,359</u>	<u>\$ 112,633</u>	<u>\$ (705,000)</u>	<u>\$ 23,488,992</u>

Debt Service Requirements to Maturity

The certificates mature through 2043 as follows:

Year Ending June 30,	Principal Including Accreted Interest to Date	Accreted Interest to Maturity	Current Interest to Maturity	Total
2023	\$ 755,000	\$ -	\$ 843,553	\$ 1,598,553
2024	815,000	-	801,360	1,616,360
2025	828,026	41,974	763,943	1,633,943
2026	677,244	62,756	732,163	1,472,163
2027	695,853	84,147	711,913	1,491,913
2028-2032	3,927,869	597,131	3,288,616	7,813,616
2033-2037	5,905,000	-	2,545,266	8,450,266
2038-2042	7,980,000	-	1,217,600	9,197,600
2043	1,905,000	-	38,100	1,943,100
Total	<u>\$ 23,488,992</u>	<u>\$ 786,008</u>	<u>\$ 10,942,514</u>	<u>\$ 35,217,514</u>

Finance Purchase Agreement (Private Placement Debt)

The District entered into an agreement to finance the purchase of school buses for seven years, beginning July 1, 2017 with an interest rate of 3.51%. Under the finance purchase agreement, the District pays an annual payment of \$54,419, which amounted to total principal and interest costs of \$380,933. The District's outstanding finance purchase agreement of \$103,364 contains a provision that in an event of default, the District will return the school buses in the same condition as when the school buses were initially delivered to the District.

The remaining principal and interest payment requirements for the finance purchase agreement as of June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 50,791	\$ 3,628	\$ 54,419
2024	52,573	1,846	54,419
Total	<u>\$ 103,364</u>	<u>\$ 5,474</u>	<u>\$ 108,838</u>

Leases

The District has entered into an agreement to lease portable buildings. The District's liability on the lease agreement is summarized below:

Lease	Leases Outstanding July 1, 2021	Addition	Payments	Leases Outstanding June 30, 2022
Portable buildings	\$ -	\$ 69,146	\$ (35,084)	\$ 34,062

Portable Buildings

The District entered an agreement to lease portable buildings for 24 months, beginning August 15, 2021. The lease terminates August 2023. Under the terms of the lease, the District pays annual lease payments of \$35,084. At June 30, 2022, the District has recognized a right-to-use leased asset of \$135,624 and a lease liability of \$34,062 related to this agreement. During the fiscal year, the District recorded \$67,812 in amortization expense for the right to use of the portable buildings. No interest payments were made as of June 30, 2022. The District used a discount rate of 3.00%, based on rates available to finance buildings over the same periods.

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 34,062	\$ 1,022	\$ 35,084

Compensated absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2022, amounted to \$632,206.

Note 10 - Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2022, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plan:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 12,022,372	\$ 1,712,889	\$ 1,889,111	\$ 133,170
Medicare Premium Payment (MPP) Program	373,291	-	-	(87,549)
Total	\$ 12,395,663	\$ 1,712,889	\$ 1,889,111	\$ 45,621

The details of the plan are as follows:

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits payments	54
Active employees	691
Total	745

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Santee Teacher's Association (STA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through agreements with the District, STA, CSEA, and the unrepresented groups. For the measurement period of June 30, 2021, the District paid \$661,988 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of \$12,022,372 was measured as of June 30, 2021, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions

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

Inflation	2.75 %
Salary increases	3.00 %, average, including inflation
Discount rate	2.19 %
Healthcare cost trend rates	6.50 %

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality rates were based on the SOA Pub-2010 General Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2020 for general employees and retirees, SOA Pub-2010 Teachers Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2020 for teachers, and SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2020 for surviving spouses. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actual experience study for the period July 1, 2020 to June 30, 2021.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2020	\$ 11,797,839
Service cost	672,616
Interest	322,967
Differences between expected and actual experience	839,879
Changes of assumptions	(948,941)
Benefit payments	(661,988)
Net change in total OPEB liability	224,533
Balance, June 30, 2021	\$ 12,022,372

Change of assumptions reflect a change in discount rate from 2.66% to 2.19% since the previous measurement date. No changes to the benefit terms noted from the previous valuation.

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 percent lower or higher than the current rate:

Discount Rate	Total OPEB Liability
1% decrease (1.19%)	\$ 13,011,062
Current discount rate (2.19%)	12,022,372
1% increase (3.19%)	11,146,024

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 1% lower or higher than the current healthcare costs trend rates:

Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease (5.50%)	\$ 10,836,006
Current healthcare cost trend rate (6.50%)	12,022,372
1% increase (7.50%)	13,428,969

OPEB Expense, 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 \$133,170. At June 30, 2022, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 682,204	\$ -
Differences between expected and actual experience	746,559	954,709
Changes of assumptions	284,126	934,402
Total	\$ 1,712,889	\$ 1,889,111

The deferred outflows of resources for OPEB contributions subsequent to measurement date will be recognized as reduction of the total OPEB liability in the subsequent fiscal year. The remaining deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ (175,786)
2024	(175,786)
2025	(175,786)
2026	(175,783)
2027	(166,282)
Thereafter	10,997
Total	\$ (858,426)

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. In accordance with California *Education Code* Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability and OPEB Expense

At June 30, 2022, the District reported a liability of \$373,291 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The District’s proportion of the net OPEB liability was based on a projection of the District’s long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District’s proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively, was 0.0936%, and 0.1087%, resulting in a net decrease in the proportionate share of 0.0151%.

For the year ended June 30, 2022, the District recognized OPEB expense of \$(87,549).

Actuarial Methods and Assumptions

The June 30, 2021 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total OPEB liability to June 30, 2021, using the assumptions listed in the following table:

Measurement Date	June 30, 2021	June 30, 2020
Valuation Date	June 30, 2020	June 30, 2019
Experience Study	July 1, 2015 through June 30, 2018	July 1, 2014 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.16%	2.21%
Medicare Part A Premium Cost Trend Rate	4.50%	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%	5.40%

For the valuation as of June 30, 2020, 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 our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 245 or an average of 0.16% of the potentially eligible population (152,062).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2021, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2021, is 2.16%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 2.16%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2021, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.05% from 2.21% as of June 30, 2020.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

Discount Rate	Net OPEB Liability
1% decrease (1.16%)	\$ 411,469
Current discount rate (2.16%)	373,291
1% increase (3.16%)	340,671

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the District’s proportionate share of the net OPEB liability calculated using the Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 339,464
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	373,291
1% increase (5.50% Part A and 6.40% Part B)	412,072

Note 11 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
Stores inventories	244,934	-	-	76,634	321,568
Prepaid expenditures	589,475	-	-	-	589,475
Total nonspendable	854,409	-	-	76,634	931,043
Restricted					
Legally restricted programs	3,119,347	-	-	111,693	3,231,040
Student activity	-	-	-	14,468	14,468
Food service	-	-	-	2,153,119	2,153,119
Capital projects	-	6,015,298	-	-	6,015,298
Debt services	-	-	-	5,557,436	5,557,436
Total restricted	3,119,347	6,015,298	-	7,836,716	16,971,361
Committed					
Deferred maintenance program	-	-	-	928,427	928,427
Assigned					
Vacation liability	632,206	-	-	-	632,206
Capital projects	-	-	6,531,188	-	6,531,188
Other assignments	339,810	-	-	-	339,810
Total assigned	972,016	-	6,531,188	-	7,503,204
Unassigned					
Reserve for economic uncertainties	2,528,872	-	-	-	2,528,872
Remaining unassigned	22,321,812	-	-	-	22,321,812
Total unassigned	24,850,684	-	-	-	24,850,684
Total	\$ 29,796,456	\$ 6,015,298	\$ 6,531,188	\$ 8,841,777	\$ 51,184,719

Note 12 - Risk Management

Property and Liability

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2021, the District was a member of the San Diego County Office of Education (SDCOE) Joint Powers Authority (JPA) for property and liability insurance coverage.

Workers' Compensation

For fiscal year 2022, the District participated in the San Diego County Office of Education (SDCOE) Joint Powers Authority (JPA), an insurance purchasing pool. The intent of the SDCOE JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in SDCOE JPA. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in SDCOE JPA. Each participant pays its workers' compensation premium based on its individual rate.

Employee Medical Benefits

The District has contracted with California Schools Employee Benefits Association (CSEBA) Joint Powers Authority (JPA) to provide employee health benefits. CSEBA is a non-profit risk sharing JPA providing comprehensive insurance programs to California public entities for medical, dental, vision, and life insurance benefits. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts.

Note 13 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

For the fiscal year ended June 30, 2022, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

<u>Pension Plan</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 28,333,789	\$ 16,583,174	\$ 26,838,183	\$ 2,648,615
CalPERS	15,871,055	3,372,385	6,601,936	1,567,552
Total	<u>\$ 44,204,844</u>	<u>\$ 19,955,559</u>	<u>\$ 33,440,119</u>	<u>\$ 4,216,167</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

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

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	2% at 60	2% at 62
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	Monthly for life	Monthly for life
Benefit payments	60	62
Retirement age	2.0% - 2.4%	2.0% - 2.4%
Monthly benefits as a percentage of eligible compensation	10.25%	10.205%
Required employee contribution rate	16.92%	16.92%
Required employer contribution rate	10.828%	10.828%
Required state contribution rate		

Contributions

Required member District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the District's total contributions were \$6,312,812.

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:

Total net pension liability, including State share	
Proportionate share of net pension liability	\$ 28,333,789
State's proportionate share of the net pension liability	14,256,464
Total	\$ 42,590,253

The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, was 0.0623% and 0.0624%, respectively, resulting in a net decrease in the proportionate share of 0.0001%.

For the year ended June 30, 2022, the District recognized pension expense of \$2,648,615. In addition, the District recognized pension expense and revenue of \$487,767 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
Pension contributions subsequent to measurement date	\$ 6,312,812	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	6,184,787	1,410,119
Differences between projected and actual earnings on pension plan investments	-	22,412,757
Differences between expected and actual experience in the measurement of the total pension liability	70,978	3,015,307
Changes of assumptions	4,014,597	-
Total	\$ 16,583,174	\$ 26,838,183

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ (5,691,497)
2024	(5,205,860)
2025	(5,335,051)
2026	(6,180,349)
Total	\$ (22,412,757)

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ 2,218,365
2024	2,496,130
2025	478,111
2026	589,283
2027	517,975
Thereafter	(454,928)
Total	\$ 5,844,936

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the 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 methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) 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 general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2021, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.8%
Real estate	15%	3.6%
Private equity	13%	6.3%
Fixed income	12%	1.3%
Risk mitigating strategies	10%	1.8%
Inflation sensitive	6%	3.3%
Cash/liquidity	2%	-0.4%

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments and administrative expense occurred midyear. Based on these 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 total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 57,677,454
Current discount rate (7.10%)	28,333,789
1% increase (8.10%)	3,979,108

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	22.91%	22.91%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the total District contributions were \$2,896,575.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$15,871,055. The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, was 0.0781% and 0.0799%, respectively, resulting in a net decrease in the proportionate share of 0.0018%.

For the year ended June 30, 2022, the District recognized pension expense of \$1,567,552. At June 30, 2022, the District reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,896,575	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	2,018	473,683
Differences between projected and actual earnings on pension plan investments	-	6,090,838
Differences between expected and actual experience in the measurement of the total pension liability	473,792	37,415
Changes of assumptions	-	-
Total	\$ 3,372,385	\$ 6,601,936

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ (1,527,577)
2024	(1,404,745)
2025	(1,464,537)
2026	(1,693,979)
Total	\$ (6,090,838)

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions and, differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ 175,561
2024	(65,745)
2025	(131,520)
2026	(13,584)
Total	\$ (35,288)

Actuarial Methods and Assumptions

Total pension liability for the SEP 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 methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

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.

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 returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten 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. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool 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 total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 26,760,827
Current discount rate (7.15%)	15,871,055
1% increase (8.15%)	6,830,207

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$4,004,146 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 14 - Commitments and Contingencies

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2022.

Litigation

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

Note 15 - Participation in Joint Powers Agency

The District is a member of the San Diego County Office of Education (SDCOE) Joint Powers Authority (JPA) and California School Employees Benefits Association (CSEBA) JPA. The District pays an annual premium to each entity for its workers' compensation, property liability, and health and welfare coverage. The relationship between the District and the JPAs are such that it is not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2022, the District made payments of \$676,974 and \$614,137 to SDCOE JPA and CSEBA, respectively, for workers' compensation, property liability, and health and welfare coverage.



Required Supplementary Information
June 30, 2022

Santee School District

Santee School District
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 62,121,925	\$ 62,428,199	\$ 62,701,408	\$ 273,209
Federal sources	2,534,689	7,703,063	6,742,798	(960,265)
Other State sources	7,651,749	12,711,990	12,603,150	(108,840)
Other local sources	5,321,094	5,238,427	5,041,777	(196,650)
Total revenues ¹	<u>77,629,457</u>	<u>88,081,679</u>	<u>87,089,133</u>	<u>(992,546)</u>
Expenditures				
Current				
Certificated salaries	36,455,249	36,238,439	36,552,053	(313,614)
Classified salaries	11,304,779	11,274,787	11,418,811	(144,024)
Employee benefits	20,009,123	19,820,056	19,956,890	(136,834)
Books and supplies	4,918,103	6,138,806	4,878,093	1,260,713
Services and operating expenditures	6,030,565	7,152,471	6,851,639	300,832
Capital outlay	820,000	1,258,006	604,556	653,450
Debt service				
Debt service - principal	331,784	331,784	35,084	296,700
Debt service - interest and other	509,765	173,156	-	173,156
Total expenditures ¹	<u>80,379,368</u>	<u>82,387,505</u>	<u>80,297,126</u>	<u>2,090,379</u>
Excess (Deficiency) of Revenues Over Expenditures				
	<u>(2,749,911)</u>	<u>5,694,174</u>	<u>6,792,007</u>	<u>1,097,833</u>
Other Financing Sources (Uses)				
Other sources	-	-	69,146	69,146
Transfers out	(3,098,524)	(3,336,128)	(3,784,997)	(448,869)
Net financing sources (uses)	<u>(3,098,524)</u>	<u>(3,336,128)</u>	<u>(3,715,851)</u>	<u>(379,723)</u>
Net Change in Fund Balances	(5,848,435)	2,358,046	3,076,156	718,110
Fund Balance - Beginning	<u>26,720,300</u>	<u>26,720,300</u>	<u>26,720,300</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 20,871,865</u>	<u>\$ 29,078,346</u>	<u>\$ 29,796,456</u>	<u>\$ 718,110</u>

¹ Due to the consolidation of Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures, however are not included in the original and final General Fund budgets.

Santee School District
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service cost	\$ 672,616	\$ 603,822	\$ 747,201	\$ 733,560	\$ 709,438
Interest	322,967	357,092	439,333	414,319	398,801
Difference between expected and actual experience	839,879	-	(1,527,535)	-	-
Changes of assumptions	(948,941)	378,836	(84,624)	(76,021)	-
Benefit payments	(661,988)	(548,717)	(745,494)	(692,449)	(659,475)
Net change in total OPEB liability	224,533	791,033	(1,171,119)	379,409	448,764
Total OPEB Liability - Beginning	<u>11,797,839</u>	<u>11,006,806</u>	<u>12,177,925</u>	<u>11,798,516</u>	<u>11,349,752</u>
Total OPEB Liability - Ending	<u>\$ 12,022,372</u>	<u>\$ 11,797,839</u>	<u>\$ 11,006,806</u>	<u>\$ 12,177,925</u>	<u>\$ 11,798,516</u>
Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

¹ The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

Note: In the future, as data becomes available, ten years of information will be presented.

Santee School District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2022

Year ended June 30,	2022	2021	2020	2019	2018
Proportion of the net OPEB liability	0.0936%	0.1087%	0.1040%	0.1018%	0.1043%
Proportionate share of the net OPEB liability	\$ 373,291	\$ 460,840	\$ 387,210	\$ 389,742	\$ 438,687
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	-0.80%	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

¹ As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

Note : In the future, as data becomes available, ten years of information will be presented.

Santee School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Proportion of the net pension liability	0.0623%	0.0624%	0.0588%	0.0567%	0.0576%	0.0559%	0.0575%	0.0554%
Proportionate share of the net pension liability	\$ 28,333,789	\$ 60,479,324	\$ 53,085,317	\$ 52,101,386	\$ 53,264,909	\$ 45,228,603	\$ 38,739,370	\$ 32,375,968
State's proportionate share of the net pension liability	14,256,464	31,177,099	28,961,584	29,830,480	31,511,070	25,747,837	20,488,856	19,550,007
Total	<u>\$ 42,590,253</u>	<u>\$ 91,656,423</u>	<u>\$ 82,046,901</u>	<u>\$ 81,931,866</u>	<u>\$ 84,775,979</u>	<u>\$ 70,976,440</u>	<u>\$ 59,228,226</u>	<u>\$ 51,925,975</u>
Covered payroll	<u>\$ 33,619,542</u>	<u>\$ 33,700,865</u>	<u>\$ 31,174,613</u>	<u>\$ 29,857,602</u>	<u>\$ 30,771,550</u>	<u>\$ 27,876,719</u>	<u>\$ 26,226,588</u>	<u>\$ 24,873,673</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>84.28%</u>	<u>179.46%</u>	<u>170.28%</u>	<u>174.50%</u>	<u>173.10%</u>	<u>162.25%</u>	<u>147.71%</u>	<u>130.16%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>87%</u>	<u>72%</u>	<u>73%</u>	<u>71%</u>	<u>69%</u>	<u>70%</u>	<u>74%</u>	<u>77%</u>
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS								
Proportion of the net pension liability	0.0781%	0.0799%	0.0782%	0.0780%	0.0767%	0.0759%	0.0756%	0.0742%
Proportionate share of the net pension liability	\$ 15,871,055	\$ 24,525,021	\$ 22,777,952	\$ 20,805,047	\$ 18,310,876	\$ 14,990,505	\$ 11,143,726	\$ 8,423,067
Covered payroll	<u>\$ 11,326,261</u>	<u>\$ 11,955,839</u>	<u>\$ 10,712,479</u>	<u>\$ 10,373,588</u>	<u>\$ 9,444,081</u>	<u>\$ 9,277,378</u>	<u>\$ 8,462,433</u>	<u>\$ 7,731,367</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>140.13%</u>	<u>205.13%</u>	<u>212.63%</u>	<u>200.56%</u>	<u>193.89%</u>	<u>161.58%</u>	<u>131.68%</u>	<u>108.95%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>81%</u>	<u>70%</u>	<u>70%</u>	<u>71%</u>	<u>72%</u>	<u>74%</u>	<u>79%</u>	<u>83%</u>
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Note : In the future, as data becomes available, ten years of information will be presented.

Santee School District
Schedule of the District's Contributions
Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Contractually required contribution	\$ 6,312,812	\$ 5,429,556	\$ 5,762,848	\$ 5,075,227	\$ 4,308,452	\$ 3,871,061	\$ 2,991,172	\$ 2,328,921
Less contributions in relation to the contractually required contribution	<u>6,312,812</u>	<u>5,429,556</u>	<u>5,762,848</u>	<u>5,075,227</u>	<u>4,308,452</u>	<u>3,871,061</u>	<u>2,991,172</u>	<u>2,328,921</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 37,309,764</u>	<u>\$ 33,619,542</u>	<u>\$ 33,700,865</u>	<u>\$ 31,174,613</u>	<u>\$ 29,857,602</u>	<u>\$ 30,771,550</u>	<u>\$ 27,876,719</u>	<u>\$ 26,226,588</u>
Contributions as a percentage of covered payroll	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
CalPERS								
Contractually required contribution	\$ 2,896,575	\$ 2,344,536	\$ 2,357,811	\$ 1,934,888	\$ 1,611,122	\$ 1,311,594	\$ 1,099,091	\$ 996,113
Less contributions in relation to the contractually required contribution	<u>2,896,575</u>	<u>2,344,536</u>	<u>2,357,811</u>	<u>1,934,888</u>	<u>1,611,122</u>	<u>1,311,594</u>	<u>1,099,091</u>	<u>996,113</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 12,643,278</u>	<u>\$ 11,326,261</u>	<u>\$ 11,955,839</u>	<u>\$ 10,712,479</u>	<u>\$ 10,373,588</u>	<u>\$ 9,444,081</u>	<u>\$ 9,277,378</u>	<u>\$ 8,462,433</u>
Contributions as a percentage of covered payroll	<u>22.910%</u>	<u>20.700%</u>	<u>19.721%</u>	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

Note : In the future, as data becomes available, ten years of information will be presented.

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 State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California Education Code. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

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

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, the plan's fiduciary net position, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The discount rate changed from 2.66% to 2.19% from the previous measurement date.

Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program

This schedule presents information on the District's proportionate share of the net OPEB Liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 2.21% to 2.16% since the previous valuation.

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* – There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of the District's Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.



Supplementary Information
June 30, 2022

Santee School District

Santee School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through East County Special Education Local Plan Area			
Special Education (IDEA) Cluster			
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	\$ 1,469,871
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	<u>21,580</u>
Subtotal			<u>1,491,451</u>
Preschool Grants, Part B, Section 619	84.173	13430	81,373
Preschool Staff Development, Part B, Sec 619	84.173A	13431	<u>635</u>
Subtotal			<u>82,008</u>
Total Special Education (IDEA) Cluster			
			<u>1,573,459</u>
Passed Through California Department of Education			
COVID-19: Elementary and Secondary Emergency Relief II (ESSER II) Fund	84.425D	15547	1,260,346
COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D	15618	625,281
COVID-19: Elementary and Secondary Emergency Relief III (ESSER III) Fund	84.425U	15559	925,949
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	291,958
COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Emergency Needs	84.425U	15620	240,761
COVID-19: Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Learning Loss	84.425U	15621	702,650
COVID-19: Expanded Learning Opportunities (ELO) Grant: GEER II	84.425C	15619	<u>68,752</u>
Subtotal			<u>4,115,697</u>

Santee School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 616,692
Title II, Part A, Supporting Effective Instruction	84.367	14341	34,402
Title III, English Learner Student Program	84.365	14346	62,320
Title IX, Part A, McKinney-Vento Homeless Assistance Grants	84.196	14332	30,900
Federal Impact Aid	84.041	10015	<u>135,841</u>
Total U.S. Department of Education			<u>6,569,311</u>
U.S. Department of Defense			
Passed through Department of Defense Education Activity (DoDEA)			
Support for Student Achievement at Military Connected Schools	12.556	[1]	<u>173,487</u>
U.S. Department of Health and Human Services Human Services			
Passed Through California Department of Education			
Child Care and Development Fund Cluster			
COVID-19: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend	93.575	15555	<u>7,389</u>
Total Child Care and Development Fund Cluster			<u>7,389</u>
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	13396	2,801,748
National School Lunch Program - Commodity Supplemental Food	10.555	13396	201,357
COVID-19: Supply Chain Assistance Funds	10.555	15655	160,679
COVID-19: SNP Emergency Operational Costs Reimbursement	10.555	15637	<u>9,369</u>
Subtotal			<u>3,173,153</u>

See Notes to Supplementary Information

Santee School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
School Breakfast Program - National School Breakfast	10.553	13525	\$ 7,528
School Breakfast Program - Especially Needy Breakfast	10.553	13526	<u>772,750</u>
Subtotal			<u>780,278</u>
Total Child Nutrition Cluster			<u>3,953,431</u>
COVID-19: Pandemic EBT Local Administrative Grant	10.649	15644	3,063
Passed Through California Department of Social Services			
Child and Adult Care Food Program	10.558	13393	69,534
COVID-19: CACFP Emergency Operational Costs Reimbursement	10.558	15577	<u>3,465</u>
Subtotal			<u>72,999</u>
Total U.S. Department of Agriculture			<u>4,029,493</u>
Total Federal Financial Assistance			<u>\$ 10,779,680</u>

[1] Pass-Through Entity Identifying Number not available

ORGANIZATION

The Santee School District was established in 1893 and consists of an area comprising approximately 16.56 square miles. The District operates one K-6 elementary school, eight K-8 elementary schools, and an alternative school program. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Elana Levens-Craig	President	December 2024
Dianna El-Hajj	Vice President	December 2024
Ken Fox	Clerk	December 2022
Dustin Burns	Member	December 2022
Barbara Ryan	Member	December 2022

ADMINISTRATION

NAME	TITLE
Dr. Kristin Baranski	Superintendent
Karl Christensen	Assistant Superintendent, Business Services
Dr. Stephanie Pierce	Assistant Superintendent, Educational Services
Tim Larson	Assistant Superintendent, Human Resources/ Pupil Services

Santee School District
Schedule of Average Daily Attendance
Year Ended June 30, 2022

	Second Period Report <u>DF8512CE</u>	Annual Report <u>6FDB48B1</u>
Regular ADA		
Transitional kindergarten through third	2,594.64	2,609.24
Fourth through sixth	1,998.27	1,995.91
Seventh and eighth	<u>1,216.75</u>	<u>1,219.37</u>
Total Regular ADA	<u>5,809.66</u>	<u>5,824.52</u>
Extended Year Special Education		
Transitional kindergarten through third	7.27	7.27
Fourth through sixth	3.75	3.75
Seventh and eighth	<u>1.70</u>	<u>1.70</u>
Total Extended Year Special Education	<u>12.72</u>	<u>12.72</u>
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.66	0.69
Fourth through sixth	3.78	3.77
Seventh and eighth	<u>7.19</u>	<u>7.04</u>
Total Special Education, Nonpublic, Nonsectarian Schools	<u>11.63</u>	<u>11.50</u>
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.14	0.14
Fourth through sixth	0.95	0.95
Seventh and eighth	<u>1.10</u>	<u>1.10</u>
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	<u>2.19</u>	<u>2.19</u>
Community Day School		
Fourth through sixth	-	0.13
Seventh and eighth	2.79	3.27
Ninth through twelfth	<u>-</u>	<u>-</u>
Total Community Day School	<u>2.79</u>	<u>3.40</u>
Total ADA	<u><u>5,838.99</u></u>	<u><u>5,854.33</u></u>

Santee School District
 Schedule of Instructional Time
 Year Ended June 30, 2022

Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36,000	55,350	-	55,350	180	-	180	-	-	-	Complied
Grades 1 - 3	50,400										
Grade 1		52,650	-	52,650	180	-	180	-	-	-	Complied
Grade 2		52,650	-	52,650	180	-	180	-	-	-	Complied
Grade 3		52,650	-	52,650	180	-	180	-	-	-	Complied
Grades 4 - 8	54,000										
Grade 4		57,174	-	57,174	180	-	180	-	-	-	Complied
Grade 5		57,174	-	57,174	180	-	180	-	-	-	Complied
Grade 6		57,174	-	57,174	180	-	180	-	-	-	Complied
Grade 7		58,134	-	58,134	180	-	180	-	-	-	Complied
Grade 8		58,134	-	58,134	180	-	180	-	-	-	Complied

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

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	<u>General Fund</u>	<u>Childcare Enterprise Fund</u>
Fund Balance		
Balance, June 30, 2022, Unaudited Actuals	\$ 29,796,456	\$ 1,243,657
Increase in		
Prepaid expenditures	213,606	-
Deferred outflows of resources related to OPEB	-	62,404
Deferred outflows of resources related to pensions	-	487,819
Total OPEB liability	-	(807,728)
Aggregate net pension liability	-	(2,283,190)
Deferred inflows of resources related to OPEB	-	(68,824)
Deferred inflows of resources related to pensions	-	(1,021,278)
Decrease in		
Receivables	<u>(213,606)</u>	<u>-</u>
Balance, June 30, 2022, Audited Financial Statements	<u>\$ 29,796,456</u>	<u>\$ (2,387,140)</u>

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

	(Budget) 2023 ¹	2022	2021 ¹	2020 ¹
General Fund ³				
Revenues	\$ 98,002,673	\$ 87,157,462	\$ 80,894,528	\$ 75,176,858
Other sources	-	69,146	1,038,486	-
Total Revenues and Other Sources	<u>98,002,673</u>	<u>87,226,608</u>	<u>81,933,014</u>	<u>75,176,858</u>
Expenditures	85,810,012	80,775,496	75,365,178	71,661,820
Other uses and transfers out	3,736,223	3,306,627	876,921	2,337,268
Total Expenditures and Other Uses	<u>89,546,235</u>	<u>84,082,123</u>	<u>76,242,099</u>	<u>73,999,088</u>
Increase in Fund Balance	<u>8,456,438</u>	<u>3,144,485</u>	<u>5,690,915</u>	<u>1,177,770</u>
Ending Fund Balance	<u>\$ 35,173,545</u>	<u>\$ 26,717,107</u>	<u>\$ 23,572,622</u>	<u>\$ 17,881,707</u>
Available Reserves ²	<u>\$ 8,791,045</u>	<u>\$ 24,850,684</u>	<u>\$ 22,716,466</u>	<u>\$ 19,345,704</u>
Available Reserves as a Percentage of Total Outgo	<u>9.82%</u>	<u>29.56%</u>	<u>29.80%</u>	<u>26.14%</u>
Long-Term Liabilities	<u>N/A</u>	<u>\$ 156,858,627</u>	<u>\$ 199,046,947</u>	<u>\$ 195,041,321</u>
K-12 Average Daily Attendance at P-2	<u>5,771</u>	<u>5,839</u>	<u>6,566</u>	<u>6,566</u>

The General Fund balance has increased by \$8,835,400 over the past two years. The fiscal year 2022-2023 budget projects an increase of \$8,456,438 (31.65%). For a district this size, the State recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in the past three years and anticipates incurring an operating surplus during the 2022-2023 fiscal year. Total long-term liabilities have decreased by \$38,182,694 over the past two years.

Average daily attendance has decreased by 727 over the past two years. Additional decline of 68 ADA is anticipated during fiscal year 2022-2023.

¹ Financial information for 2023, 2021, and 2020 are included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

³ General Fund amounts do not include activity related to the consolidation of the Fund 17, Special Revenue Fund for Capital Outlay Projects, as required by GASB Statement No. 54.

Santee School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2022

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Assets							
Deposits and investments	\$ 14,468	\$ 66,917	\$ 1,490,196	\$ 927,494	\$ 5,093,172	\$ 464,264	\$ 8,056,511
Receivables	-	53,582	766,142	933	-	-	820,657
Due from other funds	-	3,920	22,480	-	-	-	26,400
Stores inventories	-	-	76,634	-	-	-	76,634
Total assets	\$ 14,468	\$ 124,419	\$ 2,355,452	\$ 928,427	\$ 5,093,172	\$ 464,264	\$ 8,980,202
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ 10,997	\$ 26,009	\$ -	\$ -	\$ -	\$ 37,006
Due to other funds	-	1,729	99,690	-	-	-	101,419
Total liabilities	-	12,726	125,699	-	-	-	138,425
Fund Balances							
Nonspendable	-	-	76,634	-	-	-	76,634
Restricted	14,468	111,693	2,153,119	-	5,093,172	464,264	7,836,716
Committed	-	-	-	928,427	-	-	928,427
Total fund balances	14,468	111,693	2,229,753	928,427	5,093,172	464,264	8,841,777
Total liabilities and fund balances	\$ 14,468	\$ 124,419	\$ 2,355,452	\$ 928,427	\$ 5,093,172	\$ 464,264	\$ 8,980,202

Santee School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Non-Major Governmental Funds
Year Ended June 30, 2022

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
Revenues				
Federal sources	\$ -	\$ 43,200	\$ 4,029,493	\$ -
Other State sources	-	366,472	232,798	-
Other local sources	10,189	(1,343)	7,442	(22,542)
Total revenues	<u>10,189</u>	<u>408,329</u>	<u>4,269,733</u>	<u>(22,542)</u>
Expenditures				
Current				
Instruction	-	298,075	-	-
Instruction-related activities				
Supervision of instruction	-	56,223	-	-
Instructional library, media, and technology	-	7,916	-	-
Pupil services				
Food services	-	-	3,402,861	-
All other pupil services	-	2,280	-	-
Administration				
All other administration	-	-	91,771	-
Plant services	-	9,365	59,371	486,869
Ancillary services	17,580	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
Total expenditures	<u>17,580</u>	<u>373,859</u>	<u>3,554,003</u>	<u>486,869</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(7,391)</u>	<u>34,470</u>	<u>715,730</u>	<u>(509,411)</u>
Other Financing Sources				
Transfers in	-	-	-	550,000
Net Change in Fund Balances	(7,391)	34,470	715,730	40,589
Fund Balance - Beginning	<u>21,859</u>	<u>77,223</u>	<u>1,514,023</u>	<u>887,838</u>
Fund Balance - Ending	<u>\$ 14,468</u>	<u>\$ 111,693</u>	<u>\$ 2,229,753</u>	<u>\$ 928,427</u>

Santee School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Non-Major Governmental Funds
Year Ended June 30, 2022

	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Non-Major Governmental Funds
Revenues			
Federal sources	\$ -	\$ -	\$ 4,072,693
Other State sources	44,971	-	644,241
Other local sources	5,171,478	3,673	5,168,897
Total revenues	<u>5,216,449</u>	<u>3,673</u>	<u>9,885,831</u>
Expenditures			
Current			
Instruction	-	-	298,075
Instruction-related activities			
Supervision of instruction	-	-	56,223
Instructional library, media, and technology	-	-	7,916
Pupil services			
Food services	-	-	3,402,861
All other pupil services	-	-	2,280
Administration			
All other administration	-	-	91,771
Plant services	-	-	555,605
Ancillary services	-	-	17,580
Debt service			
Principal	3,988,358	705,000	4,693,358
Interest and other	1,529,725	882,585	2,412,310
Total expenditures	<u>5,518,083</u>	<u>1,587,585</u>	<u>11,537,979</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(301,634)</u>	<u>(1,583,912)</u>	<u>(1,652,148)</u>
Other Financing Sources (Uses)			
Transfers in	-	1,587,578	2,137,578
Net Change in Fund Balances	(301,634)	3,666	485,430
Fund Balance - Beginning	<u>5,394,806</u>	<u>460,598</u>	<u>8,356,347</u>
Fund Balance - Ending	<u>\$ 5,093,172</u>	<u>\$ 464,264</u>	<u>\$ 8,841,777</u>

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2021. The information 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). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or fund balance of the District.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such 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. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

The District has not elected to use the ten percent de minimis cost rate.

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the District did not report any commodities in inventory.

SEFA Reconciliation

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of COVID-19: Coronavirus Response and Relief Supplemental Appropriates (CRRSA) Act – One-time Stipend funds that in the previous period were recorded as revenues but were unspent. In addition, COVID-19: ARP California State Preschool Program One-time Stipend funds have been recorded in the current period as revenues that have not been expended as of June 30, 2022. These unspent balances are reported as legally restricted ending balances within the Child Development Non-Major Governmental Fund.

	Federal Financial Assistance Listing/Federal CFDA Number	Amount
Description		
Total Federal Revenues reported on the financial statements		\$ 10,815,491
COVID-19: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend	93.575	7,389
COVID-19: ARP California State Preschool Program One-time Stipend	93.575	(43,200)
Total federal financial assistance		\$ 10,779,680

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) 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. The District has met its target funding. 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 46200 through 46207.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis

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

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances

This schedule is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.



Independent Auditor's Reports
June 30, 2022

Santee School District



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

To the Governing Board
Santee School District
Santee, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Santee School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Santee School District’s basic financial statements and have issued our report thereon dated January 30, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Santee 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 Santee School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of Santee 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Santee 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*.

Santee School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Santee School District's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Santee School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



Rancho Cucamonga, California
January 30, 2023



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

To the Governing Board
Santee School District
Santee, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Santee 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 Santee School District’s major federal programs for the year ended June 30, 2022. Santee 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, Santee 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 Santee 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 Santee 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 Santee School District’s federal 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 Santee 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 Santee 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 Santee 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 Santee 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 Santee 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.

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.

Eide Bailly LLP

Rancho Cucamonga, California
January 30, 2023



Independent Auditor's Report on State Compliance

To the Governing Board
Santee School District
Santee, California

Report on Compliance

Opinion on State Compliance

We have audited Santee School District's (the District) compliance with the requirements specified in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the District's state program requirements identified below for the year ended June 30, 2022.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022.

Basis for Opinion

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, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards 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 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 opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a 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 state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, 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 consider 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 *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District’s compliance with the state laws and regulations applicable to the following items:

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	No, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
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
 School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	No, see below
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	No, see below
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	No, see below
In Person Instruction Grant	Yes
 Charter Schools	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes – Classroom Based	No, see below
Charter School Facility Grant Program	No, see below

We did not perform Continuation Education procedures because the program is not offered by the District.

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

The District does not have any Juvenile Court Schools; therefore, we did not perform procedures related to Juvenile Court Schools.

The District does not have any Middle or Early College High Schools; therefore, we did not perform procedures related to Middle or Early College High Schools.

We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the District.

We did not perform District of Choice procedures because the program is not offered by the District.

We did not perform California Clean Energy Jobs Act procedures because the related procedures were performed in a previous year.

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

The District was not listed on the immunization assessment reports; therefore, we did not perform any related procedures.

We did not perform Career Technical Education Incentive Grant procedures because the District did not receive funding for this grant.

The District does not operate any Charter Schools; therefore, we did not perform procedures for Charter School Programs.

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 identify 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 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 a material noncompliance with a compliance requirement 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *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.

Eide Sully LLP

Rancho Cucamonga, California
January 30, 2023



Schedule of Findings and Questioned Costs
June 30, 2022

Santee School District

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing/ Federal CFDA Number</u>
COVID-19: Education Stabilization Fund Special Education (IDEA) Cluster	84.425D, 84.425U, 84.425C 84.027, 84.173, 84.027A, 84.173A
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

STATE COMPLIANCE

Internal control over state compliance programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for programs	Unmodified

The following finding represents a significant deficiency that is required to be reported in accordance with *Government Auditing Standards*. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

2022-001 30000 – Financial Statement Preparation and Audit Adjustments (Significant Deficiency)

Criteria or Specific Requirements

Management should have an internal control system in place designed to provide for the preparation of the financial statements being audited. This includes proper reporting on a modified accrual basis of accounting under the requirements of the Governmental Accounting Standards Board (GASB). Additionally, this includes posting of all material adjustments necessary to accurately reflect the activity of the District throughout the year.

Condition

Communicating Internal Control Related Matters Identified in an Audit provides for a definition of a material weakness and a significant deficiency. According to these definitions, an internal control system design must include elements to accurately prepare financial statements without adjustments by the auditor. As auditors, we were requested to assist management in the preparation of the financial statements from the trial balances. This preparation included certain accrual closing entries, government-wide reporting conversion entries and footnotes.

Questioned costs

There were no questioned costs associated with the condition noted.

Context

The conditions were identified as a result of our audit. During our review of available District records and audit procedures performed, the financial statements were materially misstated.

Effect

Due to the condition identified, there were adjustments related to prepaid expenditures and receivables in the General Fund. In addition, there were adjustments to federal and state revenues in the Cafeteria Fund.

Cause

The cause of the condition identified appears to be due to clerical errors during the process of posting of revenues and expenditures

Repeat Finding

No.

Recommendation

Management should review financial account balances to ensure that balances have been correctly reported. Balances should be traced to supporting records to verify the accuracy and completeness of reported information. A thorough review of the District's financial statements, including all adjusting entries, reclassifying entries, and conversion entries should take place before the financial statements are finalized by the District's business department.

Corrective Action Plan and Views of Responsible Officials

The District agrees that having an internal control system over monitoring financial reporting is an important part of the District's overall internal controls process. The District has created processes to monitor and implement these controls to ensure that all financial closing journal entries are properly reviewed, and misclassifications are corrected, before final closing. The Director of Fiscal Services will review all journal entries, in detail, before accounting staff posts the entries to the accounting system, and train and guide staff on proper classification of accounting entries.

None reported.

None reported.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Federal Award Findings

2021-001 50000 (Material Weakness, Noncompliance)

Program Name: COVID-19: Education Stabilization Fund
Federal Financial Assistance Listing/Federal CFDA Number: 84.425C, 84.425D, and 84.425U
Pass-Through Entity: California Department of Education
Federal Agency: U.S. Department of Education

Criteria or Specific Requirements

Per Title 34, Code of Federal Regulations, Part 200, Subpart A, Section 200.63(a), local education agencies (LEAs) must provide timely and meaningful consultations with appropriate officials of private schools. For programs under Elementary and Secondary School Emergency Relief (ESSER I) and Governor's Emergency Education Relief (GEER I), a LEA that receives funds under one or both of those programs must provide equitable services in the same manner as provided under section 1117 of Title I, Part A of the Elementary and Secondary Education Act (ESEA) (20 USC 6320) to students and teachers in private schools as determined in consultation with private school officials (section 18005(a) of the CARES Act).

Condition

Through inquiry with District personnel, it appears that the District did not provide consultations with private school officials.

Questioned costs

There were no questioned costs associated with the condition noted.

Context

The condition was identified as a result of the auditor's inquiry with District personnel.

Effect

The District was not in compliance with Title 34, Code of Federal Regulations, Part 200, Subpart A, Section 200.63(a).

Cause

The condition identified appears to have materialized due to District personnel being unaware that private school consultations were required under ESSER I and GEER I programs.

Repeat Finding

No

Recommendation

It is recommended that the District provide timely provide school consultations and maintain private school correspondence records, minutes from meetings with private school representatives, and written affirmations from private school officials to demonstrate compliance with provisions under Title 34, Code of Federal Regulations, Part 200, Subpart A, Section 200.63(a).

Current Status

Not applicable as the District has expended all federal funds related to Elementary and Secondary School Emergency Relief (ESSER) Fund and Governor's Emergency Education Relief (GEER) Fund in the prior year.