



Financial Statements
June 30, 2022

Vista Unified School District

Independent Auditor’s Report	1
Management’s Discussion and Analysis	5
Government Wide Financial Statements	
Statement of Net Position	16
Statement of Activities.....	17
Government Fund Financial Statements	
Balance Sheet – Governmental Funds	19
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Proprietary Fund Financial Statements	
Statement of Net Position – Proprietary Funds.....	25
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	26
Statement of Cash Flows – Proprietary Funds.....	27
Notes to Financial Statements.....	28
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	74
Schedule of Changes in the District’s Total OPEB Liability and Related Ratios	75
Schedule of the District’s Proportionate Share of the Net OPEB Liability – MPP Program.....	76
Schedule of the District’s Proportionate Share of the Net Pension Liability	77
Schedule of the District’s Contributions	78
Notes to Required Supplementary Information	79
Supplementary Information	
Schedule of Expenditures of Federal Awards	81
Local Education Agency Organization Structure.....	83
Schedule of Average Daily Attendance.....	84
Schedule of Instructional Time	85
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	86
Schedule of Financial Trends and Analysis	87
Schedule of Charter Schools	88
Combining Balance Sheet – Non-Major Governmental Funds	89
Combining Statement of Revenues, Expenditure, and Changes in Fund Balances - Non-Major Governmental Funds.....	91
Notes to Supplementary Information.....	93
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>	95

Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance.....	97
Independent Auditor’s Report on State Compliance.....	100
Schedule of Findings and Questioned Costs	
Summary of Auditor’s Results.....	105
Financial Statement Findings	107
Federal Awards Findings and Questioned Costs.....	109
State Compliance Findings and Questioned Costs.....	111
Summary Schedule of Prior Audit Findings.....	113
Management Letter	117



Independent Auditor's Report

To the Governing Board
Vista Unified School District
Vista, 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 Vista Unified 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, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 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 Notes 1 and 18 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. Accordingly, a restatement has been made to the governmental activities net position and fund balance of the General Fund as of July 1, 2021, to restate beginning net position and fund balance. 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 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 the 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 GAAS, 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 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 GAAS. 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 April 21, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Rancho Cucamonga, California
April 21, 2023



EXCELLENCE ★ INNOVATION

Superintendent: Matt Doyle, Ed.D.

Board Members: Martha Alvarado, Julie Kelly, Rena Marrocco, Rosemary Smithfield, and Cipriano Vargas

This section of Vista Unified 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 ending 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. These statements include all assets of the District (including capital and right-to-use leased 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 *Governmental-Type Activities* are prepared using the economic resources measurement focus and the accrual basis of accounting.

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.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The purpose of Vista Unified School District is to inspire every student to persevere as a critical thinker who collaborates to solve real world problems.

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 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 present the District activities as follows:

Governmental Activities – Most of the District's services are reported in governmental activities. This includes the education of transitional kindergarten through grade twelve students, adult education, student 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 cover the costs of certain services it provides. The District has a fee-based child care program that is 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 and the California 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 funds 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. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities, such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

FINANCIAL HIGHLIGHTS

- The increase in Local Control Funding Formula (LCFF) sources from 2020-2021 to 2021-2022 was \$13.84 million. The increase in LCFF revenues was due to the 5.07% statutory cost of living adjustment (COLA) and LCFF augmentation. The District continues to benefit in 2021-2022 from the State's "Hold Harmless" attendance relief enacted during COVID. The District's LCFF was funded on the prior year's ADA of 19,453. The District's Unduplicated Pupil Percentage was 63.43%, which generated \$36.5 million in Supplemental and Concentration dollars.
- The General Fund expenditures increased by \$21.5 million or 8.09% over the previous year amount primarily due to the receipt of COVID-19 relief funds.
- Total General Fund revenues and other sources exceeded expenditures and other uses by \$29.36 million.
- The General Fund ended the fiscal year with 8.16% reserves in unrestricted fund balance.

THE DISTRICT AS A WHOLE

Net Position

The District's net position (deficit) was \$(16,892,584) for the fiscal year ended June 30, 2022. Of this amount, \$(234,115,219) was unrestricted (deficit). Restricted net position is reported separately to show legal constraints from debt covenants, grantors, constitutional provisions, and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1 - Net Position) and change in net position (Table 2 - Changes in Net Position) of the District's governmental and business-type activities.

Table 1

	Governmental Activities		Business-Type Activities		Total	
	2022	2021 as restated	2022	2021	2022	2021 as restated
Assets						
Current and other assets	\$ 349,600,806	\$ 158,872,595	\$ 823,640	\$ 179,606	\$ 350,424,446	\$ 159,052,201
Capital and right-to-use leased assets	256,233,519	253,845,989	-	-	256,233,519	253,845,989
Total assets	<u>605,834,325</u>	<u>412,718,584</u>	<u>823,640</u>	<u>179,606</u>	<u>606,657,965</u>	<u>412,898,190</u>
Deferred outflows of resources	52,103,055	67,606,654	337,018	-	52,440,073	67,606,654
Liabilities						
Current liabilities	33,526,401	45,099,724	76,582	76,801	33,602,983	45,176,525
Long-term liabilities other than OPEB and pension	324,593,693	153,982,774	-	-	324,593,693	153,982,774
Total other postemployment benefits liability	33,909,239	39,355,149	-	-	33,909,239	39,355,149
Aggregate net pension liability	<u>150,985,631</u>	<u>287,043,809</u>	<u>1,716,171</u>	<u>-</u>	<u>152,701,802</u>	<u>287,043,809</u>
Total liabilities	<u>543,014,964</u>	<u>525,481,456</u>	<u>1,792,753</u>	<u>76,801</u>	<u>544,807,717</u>	<u>525,558,257</u>
Deferred inflows of resources	130,520,244	26,282,933	662,661	-	131,182,905	26,282,933
Net Position						
Net investment in capital assets	139,169,553	152,151,393	-	-	139,169,553	152,151,393
Restricted	78,053,082	46,972,416	-	-	78,053,082	46,972,416
Unrestricted (deficit)	<u>(232,820,463)</u>	<u>(270,562,960)</u>	<u>(1,294,756)</u>	<u>102,805</u>	<u>(234,115,219)</u>	<u>(270,460,155)</u>
Total net position (deficit)	<u>\$ (15,597,828)</u>	<u>\$ (71,439,151)</u>	<u>\$ (1,294,756)</u>	<u>\$ 102,805</u>	<u>\$ (16,892,584)</u>	<u>\$ (71,336,346)</u>

The \$(232,820,463) in unrestricted (deficit) of governmental activities represents the accumulated results of all past years' operations, which also includes the District's long-term pension and OPEB obligations. Unrestricted net position (deficit) - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased by 13.95% from \$(270,562,960) in 2021 to \$(232,820,463) in 2022.

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 17 and 18. 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	\$ 4,422,086	\$ 3,933,006	\$ 2,702,113	\$ 1,332,383	\$ 7,124,199	\$ 5,265,389
Operating grants and contributions	93,678,405	92,598,229	-	-	93,678,405	92,598,229
General revenues						
Federal and State aid not restricted	133,043,690	124,155,550	-	-	133,043,690	124,155,550
Property taxes	111,513,677	107,005,264	-	-	111,513,677	107,005,264
Other general revenues	8,120,277	3,727,707	3,741	6,563	8,124,018	3,734,270
Total revenues	<u>350,778,135</u>	<u>331,419,756</u>	<u>2,705,854</u>	<u>1,338,946</u>	<u>353,483,989</u>	<u>332,758,702</u>
Expenses						
Instruction-related	211,741,583	237,177,516	-	-	211,741,583	237,177,516
Pupil services	30,312,786	31,587,366	-	-	30,312,786	31,587,366
Administration	13,370,230	12,635,051	-	-	13,370,230	12,635,051
Plant services	23,111,302	23,856,858	-	-	23,111,302	23,856,858
All other services	16,400,911	15,359,414	4,103,415	2,596,963	20,504,326	17,956,377
Total expenses	<u>294,936,812</u>	<u>320,616,205</u>	<u>4,103,415</u>	<u>2,596,963</u>	<u>299,040,227</u>	<u>323,213,168</u>
Transfers	-	(1,360,822)	-	1,360,822	-	-
Change in net position	<u>\$ 55,841,323</u>	<u>\$ 9,442,729</u>	<u>\$ (1,397,561)</u>	<u>\$ 102,805</u>	<u>\$ 54,443,762</u>	<u>\$ 9,545,534</u>

* The revenues and expenses for fiscal year 2021 were not restated to show the effects of prior year errors or GASB 87 for comparative purposes.

Governmental Activities

As reported in the Statement of Activities on pages 17 and 18, the cost of all of our governmental activities this year was \$294,936,812. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$111,513,677 because the cost was paid by those who benefited from the programs (\$4,422,086) or by other governments and organizations who subsidized certain programs with grants and contributions (\$93,678,405). We paid for the remaining "public benefit" portion of our governmental activities with \$141,163,967 in State funds, and with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions: instruction-related, 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	\$ 211,741,583	\$ 237,177,516	\$ (148,580,037)	\$ (171,229,856)
Pupil services	30,312,786	31,587,366	(9,783,644)	(16,622,291)
Administration	13,370,230	12,635,051	(9,678,889)	(10,524,650)
Plant services	23,111,302	23,856,858	(21,455,317)	(22,060,693)
All other services	16,400,911	15,359,414	(7,338,434)	(3,647,480)
Total	\$ 294,936,812	\$ 320,616,205	\$ (196,836,321)	\$ (224,084,970)

* The total and net cost of services for fiscal year 2021 were not restated to show the effects of prior year errors or GASB 87 for comparative purposes.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$313,135,430, which is an increase of \$199,008,795 from last year (Table 4 - Governmental Funds).

Table 4

Governmental Fund	Balances and Activity			
	July 1, 2021 as restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2022
General	\$ 34,147,632	\$ 316,814,764	\$ 287,458,425	\$ 63,503,971
Adult Education	2,119,032	10,080,033	9,801,340	2,397,725
Student Activity	1,079,413	2,013,388	1,752,289	1,340,512
Cafeteria	3,821,616	14,590,366	10,564,558	7,847,424
Building	36,622,297	134,292,356	21,392,885	149,521,768
Capital Facilities	7,877,061	1,844,234	210,985	9,510,310
County School Facilities	337	(6)	-	331
Special Reserve Fund for Capital Outlay Projects	7,986,776	45,717,753	2,507,003	51,197,526
Bond Interest and Redemption	19,932,112	26,917,304	19,564,058	27,285,358
Debt Service Fund for Blended Component Units	540,359	-	9,854	530,505
Total	\$ 114,126,635	\$ 552,270,192	\$ 353,261,397	\$ 313,135,430

The primary reasons for these increases/decreases are:

1. Our General Fund is our principal operating fund. The fund balance in the General Fund increased by \$29.36 million to \$63.5 million. This increase is due to:
 - a. Impact of expenditures related to COVID-19 and the return to in-person learning.
 - b. Recognition of State and Federal revenues to support students' safety, learning loss, social and emotional supports. These funds are one time in nature, and available to spend down over multiple years.
2. Adult Education ending fund balance improved slightly due to revenues being higher than expenditures.
3. Student Activity Fund increased slightly as a result of returning to in-person fundraising activities.
4. Cafeteria Fund balance increased due to the implementation of universal free meals, increased staff vacancies and delays in facility projects.
5. Building Fund increased in fund balance as a result of the issuance of Series B of District Measure LL GO Bond Program.
6. Capital Facilities Fund received a positive influx of developer fees.
7. Special Reserve Fund for Capital Outlay Projects – revenue from redevelopment funds and issuance of the 2022 certificates of participation.
8. Bond Interest and Redemption is used for the repayment of General Obligation Bond. This fund is controlled by the county auditor and principal and interest on the bond is paid by the county treasurer from taxes levied by the county auditor. At unaudited actuals, ebbs and flows of the taxes levied and payments made during the year are recognized on the District's financial report.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on March 10, 2022. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 74.)

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

The final revised budget for the General Fund reflected a net increase to the ending balance of \$15.1 million. However, the District ended the year with a \$29.4 increase to the actual general fund ending balance, reflecting an improvement of \$14.3 million compared to the budget. The District realized the improvement through a combination of State and Federal COVID-19 Relief, and other one-time revenues. The State recommends minimum reserves of three percent of District expenditures be maintained for economic uncertainties and the District maintained compliance as of June 30, 2022.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital and Right-to-Use Leased Assets

At June 30, 2022, the District had \$256,233,519 in a broad range of capital assets and right-to-use leased assets including land and construction in progress, land improvements, buildings and improvements, equipment, and leased assets based on historical value. This amount represents a net increase (including additions, deductions, depreciation, and amortization) of \$6,200,968, or 2.48%, from last year.

	Governmental Activities	
	2022	2021 as restated
Land and construction in progress	\$ 80,883,721	\$ 62,739,928
Land improvements	19,844,122	19,983,874
Buildings and improvements	150,336,518	161,232,015
Equipment	4,841,551	5,559,035
Leased assets	327,607	517,699
Total	\$ 256,233,519	\$ 250,032,551

Several capital projects are planned for the 2022-2023 year. We anticipate capital additions to be \$10.0 million for the 2022-2023 year. Additional detail regarding capital assets is provided in Note 5 to the financial statements.

Long-Term Liabilities including OPEB and Pension

At the end of this year, the District had \$511,204,734 in long-term liabilities outstanding versus \$480,381,732 last year, an increase of \$30,823,002, or 6.42%. Those long-term liabilities consisted of:

Table 6

	Governmental Activities		Business-Type Activities		Total	
	2021		2021		2021	
	2022	as restated	2022	2021	2022	as restated
Long-Term Liabilities						
General obligation bonds	\$ 259,899,001	\$ 135,570,178	\$ -	\$ -	\$ 259,899,001	135,570,178
Unamortized premiums	16,563,709	8,038,190	-	-	16,563,709	8,038,190
Certificates of participation	39,095,000	995,000	-	-	39,095,000	995,000
Unamortized premiums	3,534,627	-	-	-	3,534,627	-
Finance purchase agreement	181,049	356,633	-	-	181,049	356,633
Leases	329,811	517,699	-	-	329,811	517,699
Supplemental early retirement plan	3,472,876	6,983,011	-	-	3,472,876	6,983,011
Compensated absences	1,517,620	1,522,063	-	-	1,517,620	1,522,063
Total OPEB liability	33,909,239	39,355,149	-	-	33,909,239	39,355,149
Aggregate net pension liability	150,985,631	287,043,809	1,716,171	-	152,701,802	287,043,809
Total	\$ 509,488,563	\$ 480,381,732	\$ 1,716,171	\$ -	\$ 511,204,734	\$ 480,381,732

In early 2022, the District received an updated general obligation bond rating. S&P Global Ratings affirmed its A+ (SPUR) rating which also removed the Credit Watch and replaced it with Stable. This change reflects the increase in the District's reserves and efforts to reduce expenditures to realign with current revenue levels. The State limits the amount of general obligation debt that districts can issue based on the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt is below the statutorily-imposed limit.

Other liabilities include certificates of participation, finance purchase agreement, leases, a supplemental early retirement plan, compensated absences, total other postemployment benefits (OPEB) liability (not including health benefits) and the aggregate net pension liability. We present more detailed information regarding our long-term liabilities in Notes 11, 12, and 15 of the financial statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The State's economic situation has a profound impact on the District's future. The financial well-being of the District is tied in large measure to the state funding formula.

Legislation passed in 2013 reformed California school district finance by creating the Local Control Funding Formula (LCFF). The LCFF is designed to provide a flexible funding mechanism that links student achievement to state funding levels. The LCFF provides a per-pupil base grant amount, by grade span, that is augmented by supplemental funding for targeted student groups in low-income brackets, those that are English language learners and foster youth. Factors related to LCFF that the District is monitoring include (1) estimates of funding in the next budget year and beyond; (2) the Local Control and Accountability Plan (LCAP) that aims to link student accountability measurements to funding allocations; (3) ensuring the integrity of reporting student data through the California Longitudinal Pupil Achievement Data System (CALPADS); and (4) meeting annual compliance and audit requirements.

Enrollment fluctuates due to population growth, competition from alternative school options, economic conditions and housing values. The District has projected a downward trend for enrollment for the next two school years which has a direct impact on the LCFF computation. Effective September 2022, Assembly Bill 185 amended Education Code 42238.05 adding a third option for calculating funded average daily attendance (ADA), which benefits districts experiencing declining enrollment. Districts can now choose between current year, prior year or the average of the three most recent prior years ADA.

The District participates in state employee pension plans, California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) and both are underfunded. Employer rate contributions towards both retirement systems have been steadily increasing for the past several years, currently estimated at 19.10% and 25.37%, respectively, for the 2022-2023 school year.

The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2022. The amount of the liability is material to the financial position of the District. Despite reduction in the planned rate increases for CalSTRS, the projected increased pension costs to school employers remain a significant fiscal factor.

In March 2020, the Coronavirus Aid Relief and Economic Security Act (CARES Act) was signed into law. The CARES Act provides California K-12 education with \$1.65 billion in Elementary and Secondary School Emergency Relief (ESSER) Funds, \$355 million in Governor’s Emergency Education Relief (GEER) Funds, and \$4.4 billion in Coronavirus Relief Funds (CRF). Collectively, GEER Funds, CRF, and \$540 million in state General Fund (GF) contributions are known as Learning Loss Mitigation Funding (LLMF). In December 2020, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act was signed into law. CRRSA provides California K-12 education with \$6.0 billion. Senate Bill 117 (SB 117), also signed in March 2020, earmarked \$100 million for appropriation to Local Educational Agencies.

In March 2021, the American Rescue Plan (ARP) was signed into law and provides California K-12 education with \$13.6 billion. Also, in March 2021, the State of California passed AB86, providing \$4.6 billion in Expanded Learning Opportunity (ELO) Grants and \$2.0 billion for In-Person Instruction (IPI) Grants. Summary of the various aid and relief funding is below:

Legislation	Use of Funds	Expiration Date	VUSD Amount
SB 117 – COVID-19	Purchase of PPE & cleaning supplies	No deadline	\$0.3 million
CARES – ESSER (LLMF)	Coronavirus Response Activities	September 30, 2022	\$4.1 million
CARES – GEER (LLMF)	Student Learning; Health & Safety	September 30, 2022	\$1.5 million
CARES – CRF (LLMF)	Student Learning; Health & Safety	May 31, 2021	\$14.8 million
GF (LLMF)	Student Learning; Health & Safety	June 30, 2021	\$1.7 million
CRRSA	Coronavirus Response Activities (aka ESSER II)	September 30, 2023	\$18.4 million
ARP	Coronavirus Response Activities (aka ESSER III)	September 30, 2024	\$41.3 million
AB 86 - ELO	Learning Recovery	Partial September 30, 2023 and Partial September 30, 2024	\$15.0 million
AB 86 - IPI	In-Person Health, Safety, & Learning	September 30, 2024	\$7.8 million
AB27 – ARP	ARP-Homeless Children & Youth II	September 30, 2024	\$0.3 million

Following a successful return to in-person learning for the 2021-2022 school year, Vista Unified continues to offer independent study as a learning option for those students who otherwise would face learning loss.

Looking into the future requires the District’s administration and its board of trustees to plan carefully and prudently on how to apply resources to meet student needs over the next several years. The District must consider early and effective intervention, identify appropriate personnel actions, and maintain proper fiscal oversight. Vista Unified School District has an excellent track record in meeting these challenges.

All of these factors were considered in preparing the Vista Unified School District budget for the 2022-2023 fiscal year. Currently, the District is engaged in developing its Blueprint and budget for the 2023-2024 school year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Ami Shackelford, Assistant Superintendent – Business Services, at Vista Unified School District, 1234 Arcadia Avenue, Vista, California 92084, or e-mail at amishackelford@vistausd.org.

Vista Unified School District
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Deposits and investments	\$ 320,184,837	\$ 786,748	\$ 320,971,585
Receivables	25,142,402	101,115	25,243,517
Internal balances	64,223	(64,223)	-
Stores inventories	613,824	-	613,824
Lease receivables	3,595,520	-	3,595,520
Capital assets not depreciated	80,883,721	-	80,883,721
Capital assets, net of accumulated depreciation	175,022,191	-	175,022,191
Right-to-use leased assets, net of accumulated amortization	327,607	-	327,607
Total assets	<u>605,834,325</u>	<u>823,640</u>	<u>606,657,965</u>
Deferred Outflows of Resources			
Deferred charge on refunding	1,079,776	-	1,079,776
Deferred outflows of resources related to OPEB	3,884,609	-	3,884,609
Deferred outflows of resources related to pensions	47,138,670	337,018	47,475,688
Total deferred outflows of resources	<u>52,103,055</u>	<u>337,018</u>	<u>52,440,073</u>
Liabilities			
Accounts payable	25,105,692	76,582	25,182,274
Interest payable	2,441,420	-	2,441,420
Unearned revenue	5,809,289	-	5,809,289
Claims liability	170,000	-	170,000
Long-term liabilities			
Long-term liabilities other than OPEB and pensions due within one year	19,547,925	-	19,547,925
Long-term liabilities other than OPEB and pensions due in more than one year	305,045,768	-	305,045,768
Net other postemployment benefit (OPEB) liability	33,909,239	-	33,909,239
Aggregate net pension liability	150,985,631	1,716,171	152,701,802
Total liabilities	<u>543,014,964</u>	<u>1,792,753</u>	<u>544,807,717</u>
Deferred Inflows of Resources			
Deferred charge on refunding	1,480,947	-	1,480,947
Deferred inflows of resources related to OPEB	7,723,418	-	7,723,418
Deferred inflows of resources related to pensions	117,720,359	662,661	118,383,020
Deferred inflows of resources related to leases	3,595,520	-	3,595,520
Total deferred inflows of resources	<u>130,520,244</u>	<u>662,661</u>	<u>131,182,905</u>
Net Position			
Net investment in capital assets	139,169,553	-	139,169,553
Restricted for			
Debt service	25,904,948	-	25,904,948
Capital projects	9,510,641	-	9,510,641
Educational programs	32,187,227	-	32,187,227
Other restrictions - self-insurance	1,784,875	-	1,784,875
Other restrictions - other activities	8,665,391	-	8,665,391
Unrestricted (deficit)	(232,820,463)	(1,294,756)	(234,115,219)
Total net position (deficit)	<u>\$ (15,597,828)</u>	<u>\$ (1,294,756)</u>	<u>\$ (16,892,584)</u>

Vista Unified 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	\$ 182,559,346	\$ 3,197,248	\$ 47,467,107	\$ (131,894,991)	\$ -	\$ (131,894,991)
Instruction-related activities						
Supervision of instruction	7,508,037	241,585	8,907,790	1,641,338	-	1,641,338
Instructional library, media, and technology	2,352,075	2,228	570,374	(1,779,473)	-	(1,779,473)
School site administration	19,322,125	71,356	2,703,858	(16,546,911)	-	(16,546,911)
Pupil services						
Home-to-school transportation	4,768,948	-	118,411	(4,650,537)	-	(4,650,537)
Food services	10,173,749	256,251	14,488,431	4,570,933	-	4,570,933
All other pupil services	15,370,089	108,611	5,557,438	(9,704,040)	-	(9,704,040)
Administration						
Data processing	169,140	-	167	(168,973)	-	(168,973)
All other administration	13,201,090	140,012	3,551,162	(9,509,916)	-	(9,509,916)
Plant services	23,111,302	110,022	1,545,963	(21,455,317)	-	(21,455,317)
Ancillary services	3,681,052	6,067	2,284,853	(1,390,132)	-	(1,390,132)
Community services	35,485	-	60,626	25,141	-	25,141
Enterprise services	(138,461)	(546)	(1,152)	136,763	-	136,763
Interest on long-term liabilities	6,301,016	-	-	(6,301,016)	-	(6,301,016)
Other outgo	6,521,819	289,252	6,423,377	190,810	-	190,810
Total governmental activities	294,936,812	4,422,086	93,678,405	(196,836,321)	-	(196,836,321)
Business-Type Activities						
Child care enterprise services	4,103,415	2,702,113	-	-	(1,401,302)	(1,401,302)
Total primary government	\$ 299,040,227	\$ 7,124,199	\$ 93,678,405	(196,836,321)	(1,401,302)	(198,237,623)

Vista Unified 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				\$ 89,816,162	\$ -	\$ 89,816,162
Property taxes, levied for debt service				17,988,759	-	17,988,759
Taxes levied for other specific purposes				3,708,756	-	3,708,756
Federal and State aid not restricted to specific purposes				133,043,690	-	133,043,690
Interest and investment earnings				1,013,905	3,741	1,017,646
Miscellaneous				7,106,372	-	7,106,372
Subtotal, general revenues and subventions				<u>252,677,644</u>	<u>3,741</u>	<u>252,681,385</u>
Change in Net Position				55,841,323	(1,397,561)	54,443,762
Net Position (Deficit) - Beginning, as restated				<u>(71,439,151)</u>	<u>102,805</u>	<u>(71,336,346)</u>
Net Position (Deficit) - Ending				<u>\$ (15,597,828)</u>	<u>\$ (1,294,756)</u>	<u>\$ (16,892,584)</u>

Vista Unified School District
Balance Sheet – Governmental Funds
June 30, 2022

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	\$ 64,227,357	\$ 158,215,590	\$ 50,234,243	\$ 45,717,612	\$ 318,394,802
Receivables	20,702,046	231,814	33,089	4,171,438	25,138,387
Due from other funds	508,098	1,273	1,844,168	277,370	2,630,909
Stores inventories	92,149	-	-	521,675	613,824
Lease receivables	3,595,520	-	-	-	3,595,520
Total assets	<u>\$ 89,125,170</u>	<u>\$ 158,448,677</u>	<u>\$ 52,111,500</u>	<u>\$ 50,688,095</u>	<u>\$ 350,373,442</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 13,565,231	\$ 8,925,299	\$ 884,391	\$ 1,335,674	\$ 24,710,595
Due to other funds	2,657,808	1,610	29,583	433,607	3,122,608
Unearned revenue	5,802,640	-	-	6,649	5,809,289
Total liabilities	<u>22,025,679</u>	<u>8,926,909</u>	<u>913,974</u>	<u>1,775,930</u>	<u>33,642,492</u>
Deferred Inflows of Resources					
Deferred inflows of resources related to leases	3,595,520	-	-	-	3,595,520
Fund Balances					
Nonspendable	342,149	-	-	522,545	864,694
Restricted	29,789,502	149,521,768	41,149,326	48,389,620	268,850,216
Assigned	9,920,207	-	10,048,200	-	19,968,407
Unassigned	23,452,113	-	-	-	23,452,113
Total fund balances	<u>63,503,971</u>	<u>149,521,768</u>	<u>51,197,526</u>	<u>48,912,165</u>	<u>313,135,430</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 89,125,170</u>	<u>\$ 158,448,677</u>	<u>\$ 52,111,500</u>	<u>\$ 50,688,095</u>	<u>\$ 350,373,442</u>

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

Total Fund Balance - Governmental Funds \$ 313,135,430

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

The cost of capital assets is \$ 582,075,262
 Accumulated depreciation is (326,169,350)

Net capital assets 255,905,912

Right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

The cost of right-to-use leased assets is 1,548,401
 Accumulated amortization is (1,220,794)

Net right-to-use leased assets 327,607

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.

(2,441,420)

An internal service fund is used by management to charge the costs of the dental and workers' compensation insurance programs to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities in the statement of net position.

1,784,875

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

Deferred charge on refunding 1,079,776
 Net OPEB liability 3,884,609
 Aggregate net pension liability 47,138,670

Total deferred outflows of resources 52,103,055

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

Deferred charge on refunding (1,480,947)
 Net OPEB liability (7,723,418)
 Aggregate net pension liability (117,720,359)

Total deferred inflows of resources (126,924,724)

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

Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		\$ (150,985,631)
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.		(33,909,239)
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	\$ (247,299,882)	
Unamortized premium on bonds	(16,563,709)	
Certificates of participation (COP)	(39,095,000)	
Unamortized premium on COP	(3,534,627)	
Finance purchase agreement	(181,049)	
Leases	(329,811)	
Supplemental early retirement plan (SERP)	(3,472,876)	
Compensated absences	(1,517,620)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	<u>(12,599,119)</u>	
Total long-term liabilities		<u>(324,593,693)</u>
Total net position - governmental activities		<u><u>\$ (15,597,828)</u></u>

Vista Unified School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2022

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula	\$ 218,407,965	\$ -	\$ -	\$ -	\$ 218,407,965
Federal sources	26,186,873	-	-	15,054,618	41,241,491
Other State sources	49,283,101	-	-	9,408,395	58,691,496
Other local sources	22,840,332	(3,674,644)	3,558,411	21,446,352	44,170,451
Total revenues	<u>316,718,271</u>	<u>(3,674,644)</u>	<u>3,558,411</u>	<u>45,909,365</u>	<u>362,511,403</u>
Expenditures					
Current					
Instruction	190,727,788	-	-	2,544,938	193,272,726
Instruction-related activities					
Supervision of instruction	8,357,378	-	-	-	8,357,378
Instructional library, media, and technology	2,562,756	-	-	-	2,562,756
School site administration	21,402,442	-	-	1,276,346	22,678,788
Pupil services					
Home-to-school transportation	5,018,227	-	-	-	5,018,227
Food services	141,626	-	-	10,187,912	10,329,538
All other pupil services	17,613,636	-	-	258,971	17,872,607
Administration					
Data processing	41,388	-	-	-	41,388
All other administration	13,280,276	-	-	671,569	13,951,845
Plant services	23,351,370	6,250	24,630	429,455	23,811,705
Ancillary services	1,858,012	-	-	1,752,289	3,610,301
Community services	61,112	-	-	-	61,112
Other outgo	1,322,037	-	-	5,199,782	6,521,819
Enterprise services	(992)	-	-	-	(992)
Facility acquisition and construction	1,150,535	21,386,635	952,986	7,910	23,498,066
Debt service					
Principal	363,472	-	485,000	15,080,000	15,928,472
Interest and other	207,362	-	1,044,387	4,493,912	5,745,661
Total expenditures	<u>287,458,425</u>	<u>21,392,885</u>	<u>2,507,003</u>	<u>41,903,084</u>	<u>353,261,397</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>29,259,846</u>	<u>(25,067,529)</u>	<u>1,051,408</u>	<u>4,006,281</u>	<u>9,250,006</u>
Other Financing Sources (Uses)					
Transfers in	96,493	-	-	-	96,493
Other sources - proceeds from issuance of general obligation bonds/COPs	-	137,967,000	38,585,000	303,000	176,855,000
Other sources - premium on issuance of general obligation bonds/COPs	-	-	3,574,342	9,232,954	12,807,296
Net Financing Sources	<u>96,493</u>	<u>137,967,000</u>	<u>42,159,342</u>	<u>9,535,954</u>	<u>189,758,789</u>
Net Change in Fund Balances	29,356,339	112,899,471	43,210,750	13,542,235	199,008,795
Fund Balance - Beginning, as restated	<u>34,147,632</u>	<u>36,622,297</u>	<u>7,986,776</u>	<u>35,369,930</u>	<u>114,126,635</u>
Fund Balance - Ending	<u>\$ 63,503,971</u>	<u>\$ 149,521,768</u>	<u>\$ 51,197,526</u>	<u>\$ 48,912,165</u>	<u>\$ 313,135,430</u>

Vista Unified 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 \$ 199,008,795

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 expense in the Statement of Activities. This is the amount by which capital outlay exceeds depreciation and amortization expense in the period.

Capital outlay	\$ 23,884,071
Depreciation and amortization expense	<u>(17,683,103)</u>

Net expense adjustment	6,200,968
------------------------	-----------

In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) and supplementary retirement benefits 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 is the difference between vacation and supplementary retirement benefits earned and used.

3,514,578

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.

22,675,190

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.

(1,214,810)

Proceeds received from general obligation bonds or certificates of participation is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

General obligation bonds issued	(138,270,000)
Certificates of participation issued	(38,585,000)

Vista Unified 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 a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.

Deferred charge on refunding recognized	\$ (176,463)
Premium on issuance recognized	(12,807,296)
Premium amortization	747,150
Deferred charge on refunding amortization	261,343

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	15,080,000
Certificates of participation	485,000
Leases	187,888
Finance purchase agreement	175,584

Interest on long-term liabilities in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the result of two factors. First, accrued interest on the general obligation bonds increased by \$76,853, and second, \$1,138,823 of additional accumulated interest was accreted on the District's "capital appreciation" general obligation bonds.

(1,387,385)

An internal service fund is used by management to charge the costs of the self insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.

(54,219)

Change in net position of governmental activities

\$ 55,841,323

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

	Business-Type Activities Child Care Enterprise Fund	Governmental Activities Internal Service Fund
Assets		
Current assets		
Deposits and investments	\$ 786,748	\$ 1,790,035
Receivables	101,115	4,015
Due from other funds	-	562,278
Total current assets	887,863	2,356,328
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	337,018	-
Liabilities		
Current liabilities		
Accounts payable	76,582	395,097
Due to other funds	64,223	6,356
Claims liabilities	-	170,000
Total current liabilities	140,805	571,453
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	662,661	-
Net Position		
Restricted for self-insurance	-	1,784,875
Unrestricted	(1,294,756)	-
Total net position	\$ (1,294,756)	\$ 1,784,875

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

	<u>Business-Type Activities Child Care Enterprise Fund</u>	<u>Governmental Activities Internal Service Fund</u>
Operating Revenues		
Charges for services	\$ 2,702,113	7,303,705
Operating Expenses		
Payroll costs	3,956,835	-
Professional and contract services	-	7,230,213
Supplies and materials	(6,144)	-
Other operating costs	152,724	-
Total operating expenses	<u>4,103,415</u>	<u>7,230,213</u>
Operating Income (Loss)	<u>(1,401,302)</u>	<u>73,492</u>
Nonoperating Revenues		
Interest income	<u>3,741</u>	<u>(31,218)</u>
Income (Loss) before transfers	(1,397,561)	42,274
Transfers out	<u>-</u>	<u>(96,493)</u>
Change in Net Position	(1,397,561)	(54,219)
Total Net Position - Beginning	<u>102,805</u>	<u>1,839,094</u>
Total Net Position (Deficit) - Ending	<u>\$ (1,294,756)</u>	<u>\$ 1,784,875</u>

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

	Business-Type Activities <u>Child Care Enterprise Fund</u>	Governmental Activities <u>Internal Service Fund</u>
Operating Activities		
Cash received from customers	\$ 2,684,281	\$ -
Cash receipts from interfund services provided	-	7,227,980
Cash payments to suppliers of goods or services	5,925	(6,913,696)
Cash payments to employees for services	(2,411,488)	-
Other operating cash payments	(152,724)	-
Net Cash Provided by Operating Activities	<u>125,994</u>	<u>314,284</u>
Capital and Related Financing Activities		
Transfers to other funds	-	(96,493)
Investing Activities		
Interest on investments	3,741	(31,218)
Net Change in Cash and Cash Equivalents	129,735	186,573
Cash and Cash Equivalents, Beginning	657,013	1,603,462
Cash and Cash Equivalents, Ending	<u>\$ 786,748</u>	<u>\$ 1,790,035</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating income (loss)	\$ (1,401,302)	\$ 73,492
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Changes in assets and liabilities		
Receivables	(17,832)	(1,788)
Due from other fund	14,903	(80,293)
Deferred outflows of resources	(337,018)	-
Prepays	-	80,936
Accrued liabilities	(219)	235,581
Due to other fund	(511,370)	6,356
Deferred inflows of resources	662,661	-
Net pension liability	1,716,171	-
Net Cash Provided by Operating Activities	<u>\$ 125,994</u>	<u>\$ 314,284</u>

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Vista Unified School District (the District) was organized in 1936 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 Kindergarten - 12 as mandated by the State and/or Federal agencies. The District is currently operating fifteen elementary schools, five middle schools, three comprehensive high schools, two alternative high schools, one early childhood special education center, one blended learning/independent study middle/high school, an adult school, and an adult transition center. .

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 Vista Unified 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 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. For financial reporting purposes, the component units described below have 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 units, although legally separate entities, are reported in the financial statements as if they were part of the District's operations because the governing board of the component units is essentially the same as the governing board of the District and because their purpose is to finance the construction of facilities to be used for the benefit of the District.

The Vista Unified School District Improvement Corporation (the Corporation), has a financial and operational relationship with the Vista Unified School District which meet the reporting entity definition criteria of a component unit of Vista Unified School District. Certificates of participation (COPs) issued by the Corporation are included as long-term liabilities in the government-wide financial statements. The COP's financial activity is presented in the financial statements as the Debt Service Fund for Blended Component Units. Individually-prepared financial statements are not prepared for the Corporation.

Other Related Entities

Charter Schools The District has approved Charters for Belle Mente Montessori Academy (Charter No. 1515), Guajome Park Academy (Charter No. 0050), Guajome Learning Center (Charter No. 1351), North County Trade Tech Charter High School (Charter No. 0884), and School for Integrated Academies and Technologies (Charter No. 0627) Charter Schools pursuant to *Education Code* Section 47605. The Charter Schools are independently operated by separate governing boards and not considered component units of the District.

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 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.

Building Fund The Building Fund exists primarily to account separately for proceeds from sale of bonds and the acquisition of major governmental capital facilities and buildings.

The District used Fund 30, State School Building Lease-Purchase Fund in the current fiscal year to deposit the bond proceeds of \$137,967,000 from the issuance of the 2018 Election, 2022 Series B General Obligation Bonds. The proceeds were deposited into the State School Building Lease-Purchase Fund and the amount was due to Building Fund. Since this fund functions as an extension of the Building Fund, it is combined with the Building Fund for presentation in the audited financial statement.

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). This fund also accounts for the proceeds received from the issuance of certificates of participation to be used for capital outlay purposes.

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue Funds are established 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.

- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.
- **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).

Capital Project Funds The Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

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

Debt Service Funds The Debt Service Funds are used to account for the accumulation 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 accumulation of resources for the payment of principal and interest on the certificates of participation issued.

Proprietary Funds Proprietary Funds are used to account for activities that are more business-like than government-like 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 service. The District has the following proprietary funds:

- **Child Care 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 fee-based child care services provided by the District to families.

- **Internal Service Fund** An Internal Service Fund may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operates a self-insured dental program that is accounted for in an Internal Service Fund. In addition, the District accounts for its workers' compensation program in the Internal Service Fund.

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 financial statement of activities presents a comparison between direct expenses and program revenues for each governmental program 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 use 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 internal service fund and the restrictions on their use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental 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 a 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 balances 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 reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

- **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 requirements. 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.

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 to other funds for self-insurance. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 general 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 county and State investment pools are determined by the program sponsor.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental-type 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. General 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.

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 general capital assets are 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.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 50 years; portable classrooms and structures, 25 years; equipment, five to 15 years; vehicles, 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 activities column 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 the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the accounts payable 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 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 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, Premiums, and Discounts

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 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 the governmental fund financial statements, governmental funds recognize bond premiums and discounts as other financing sources and uses, respectively, and bond issuance costs and costs of refunding as debt service expenditures. Issuance costs, and costs of refunding, whether or not withheld from the actual debt proceeds received, 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 deferred charges on refunding of debt, deferred inflows of resources related to leases, 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 CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP 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.

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.

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

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. The District currently does not have any committed funds.

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, Superintendent or designee 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 on-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent 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 of 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 is 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 \$78,053,082 of net position restricted by enabling legislation.

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 on 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 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31 and become delinquent after November 1. 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. The effect of the implementation of this standard on beginning net position is disclosed in Note 18 and the additional disclosures required by this standard is included in Notes 1, 5, and 11.

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.

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.

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 activities	\$ 320,184,837
Business-type activities	<u>786,748</u>
Total deposits and investments	<u><u>\$ 320,971,585</u></u>

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

Cash on hand and in banks	\$ 1,411,758
Cash with fiscal agent	196,102
Cash in revolving	250,870
Investments	<u>319,112,855</u>
Total deposits and investments	<u><u>\$ 320,971,585</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 and short-term money market funds. Other investments are specific to certificates of participation.

Specific Identification

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

Investment Type	Reported Amount	Maturity Date/ Average Maturity in Days
San Diego County Treasury Investment Pool	\$ 277,423,170	551
First American Treasury Obligations Fund	1,936	26
First American Government Obligations Fund	41,149,326	23
Ixis Funding Corporation Investment Agreement	538,423	4/15/2023
Total	<u>\$ 319,112,855</u>	

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 investments in the San Diego County Treasury Investment Pool, First American Treasury Obligations Fund, and First American Government Obligations Fund are rated AAA by Standard and Poor's. The Ixis Funding Corporation Investment Agreement is not required to be rated.

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 have a policy for custodial credit risk for deposits. The District's policy states that monies received and deposited with a financial institution shall be in accounts that are fully covered by Federal insurance. In addition, 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 of \$1,490,513 was exposed to custodial credit risk because it was uninsured, but collateralized with securities held by the pledging of financial institution's trust department or agent, but not in the name of the District.

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.

The District's fair value measurements are as follows at June 30, 2022:

Investment Type	Reported Amount	Measurements Using Level 2 Inputs
Ixis Funding Corporation Investment Agreement	\$ 538,423	\$ 538,423

Investments in the San Diego County Treasury Investment Pool are uncategorized.

All assets have been valued using a market approach, with quoted market prices.

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	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities	Child Care Enterprise Fund
Federal Government							
Categorical aid	\$ 9,011,612	\$ -	\$ -	\$ 3,827,222	\$ -	\$ 12,838,834	\$ -
State Government							
Categorical aid	6,360,425	-	-	203,639	-	6,564,064	-
Lottery	1,153,495	-	-	-	-	1,153,495	-
Special Education	2,183,116	-	-	-	-	2,183,116	-
Local Government							
Interest	198,762	-	33,089	49,081	4,015	284,947	2,001
Other local sources	1,794,636	231,814	-	91,496	-	2,117,946	99,114
Total	\$ 20,702,046	\$ 231,814	\$ 33,089	\$ 4,171,438	\$ 4,015	\$ 25,142,402	\$ 101,115

Note 5 - Capital and Right-to-use Leased Assets

Capital and right-to-use leased asset activity for the fiscal year ended June 30, 2022, was as follows:

	Balance July 1, 2021 as restated	Additions	Deductions	Balance June 30, 2022
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 51,366,272	\$ 40,323	\$ -	\$ 51,406,595
Construction in progress	11,373,656	21,473,897	(3,370,427)	29,477,126
Total capital assets not being depreciated	62,739,928	21,514,220	(3,370,427)	80,883,721
Capital assets being depreciated				
Land improvements	38,427,391	1,472,128	-	39,899,519
Buildings and improvements	413,984,926	3,680,871	-	417,665,797
Furniture and equipment	43,038,946	587,279	-	43,626,225
Total capital assets being depreciated	495,451,263	5,740,278	-	501,191,541
Total capital assets	558,191,191	27,254,498	(3,370,427)	582,075,262
Accumulated depreciation				
Land improvements	(18,443,517)	(1,611,880)	-	(20,055,397)
Buildings and improvements	(252,752,911)	(14,576,368)	-	(267,329,279)
Furniture and equipment	(37,479,911)	(1,304,763)	-	(38,784,674)
Total accumulated depreciation	(308,676,339)	(17,493,011)	-	(326,169,350)
Net depreciable capital assets	186,774,924	(11,752,733)	-	175,022,191
Right-to-use leased assets being amortized				
Furniture and equipment	1,548,401	-	-	1,548,401
Accumulated amortization				
Furniture and equipment	(1,030,702)	(190,092)	-	(1,220,794)
Net right-to-use leased assets	517,699	(190,092)	-	327,607
Governmental activities capital assets and right-to-use leased assets, net	\$ 250,032,551	\$ 9,571,395	\$ (3,370,427)	\$ 256,233,519

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

Governmental Activities	
Instruction	\$ 16,218,140
Instructional library, media, and technology	5,842
School site administration	18,014
Home-to-school transportation	86,091
Food services	477,844
All other pupil services	4,546
Data processing	127,760
All other administration	128,554
Plant services	352,549
Community services	36,703
Ancillary services	<u>227,060</u>
Total depreciation and amortization expense governmental activities	<u>\$ 17,683,103</u>

Note 6 - Lease Receivables

The District has entered into lease agreements with various lessees. The lease receivables are summarized below:

Lease Receivables	July 1, 2021 as restated	Addition	Deletion	June 30, 2022
Cell tower 1 - ATT/VHS	\$ 371,396	\$ -	\$ (20,633)	\$ 350,763
Cell tower 2 - Sprint/Cox/RBV	40,571	-	(2,254)	38,317
Cell tower 3 - Verizon/RMMS	431,816	-	(21,591)	410,225
Cell tower 4 - Eco-site/Vertical Bridge/VAPA	102,150	-	(40,860)	61,290
Cell tower 5 - ATT/RBV	64,428	-	(32,215)	32,213
Cell tower 6 - Verizon/VHS	405,044	-	(22,502)	382,542
Cell tower 7 - Verizon/American Tower/VMMS	405,044	-	(22,502)	382,542
JCCS/Vista Focus	<u>1,992,989</u>	-	<u>(55,361)</u>	<u>1,937,628</u>
Total	<u>\$ 3,813,438</u>	<u>\$ -</u>	<u>\$ (217,918)</u>	<u>\$ 3,595,520</u>

Cellular Tower Antenna Sites

The District leases a portion of its facilities for cellular tower antenna sites. These leases are non-cancelable for a period of ten years, with one renewal period of five years. The District believes the lessees will exercise the renewal option with reasonable certainty. The agreements allow for 2.00% to 3.00% annual CPI increases to the lease payments. At termination, lessees must remove all equipment and restore the site to its original state. During the fiscal year, the District recognized \$162,557 in lease revenue and \$75,178 in interest revenue related to these agreements. At June 30, 2022, the District recorded \$1,657,892 in lease receivables and deferred inflows of resources for these arrangements. The District used an interest rate of between 2.00% and 5.00%, based on the rates available to finance real estate or machinery and equipment over the same time periods.

JCSS/Vista Focus

The District leases a portion of its real property to San Diego County Superintendent of Schools, starting on February 2022. The agreement is non-cancelable for a period of five years, with two renewal periods of five years. The District believes the lessee will exercise the renewal option with reasonable certainty. The agreement allow for 2.00% annual CPI increases to the lease payments. During the fiscal year, the District recognized \$55,361 in lease revenue and \$14,987 in interest revenue related to this agreement. At June 30, 2022, the District recorded \$1,937,628 in lease receivable and deferred inflows of resources for this arrangement. The District used an interest rate of 2.00% based on the lease agreement rate.

Note 7 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances at June 30, 2022, between major funds, non-major governmental funds, the child care enterprise fund, and the internal service fund are as follows:

Due To	Due From						Total
	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Child Care Enterprise Fund	Internal Service Fund	
General Fund	\$ -	\$ 1,202	\$ 29,583	\$ 411,438	\$ 59,519	\$ 6,356	\$ 508,098
Building Fund	1,273	-	-	-	-	-	1,273
Special Reserve Fund for Capital Outlay Projects	1,844,168	-	-	-	-	-	1,844,168
Non-Major Governmental Funds	277,370	-	-	-	-	-	277,370
Internal Service Fund	534,997	408	-	22,169	4,704	-	562,278
Total	\$ 2,657,808	\$ 1,610	\$ 29,583	\$ 433,607	\$ 64,223	\$ 6,356	\$ 3,193,187

A balance of \$215,533 due from the General Fund to the Adult Education Non-Major Governmental Fund was for indirect costs and other postemployment benefit charges.

A balance of \$1,844,168 due from the General Fund to the Special Reserve Fund for Capital Outlay Projects Non-Major Governmental Fund was for the RDA payment.

The balance of \$534,997 due from the General Fund to the Internal Service Fund resulted from workers' compensation and other postemployment benefit charges.

A balance of \$353,005 due from the Cafeteria Non-Major Governmental Fund to the General Fund resulted from reimbursement of salaries and benefit charges.

The balance of \$59,519 due from the Child Care Enterprise Fund to the General Fund resulted from an operating contribution.

All remaining balance resulted for 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 Internal Service Fund transferred to the General Fund for dental and workers compensation coverage payment	<u>\$ 96,493</u>
--	------------------

Note 8 - Accounts Payable

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

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities	Child Care Enterprise Fund
Salaries and benefits	\$ 6,980,602	\$ 2,761	\$ -	\$ 436,542	\$ -	\$ 7,419,905	\$ 75,394
LCFF apportionment	1,870,119	-	-	93,261	-	1,963,380	-
Supplies	1,271,519	964	862,262	766,643	-	2,901,388	1,188
Services	3,345,445	2,300	22,129	39,228	395,097	3,804,199	-
Construction	-	8,919,274	-	-	-	8,919,274	-
Vendor payables	97,546	-	-	-	-	97,546	-
Total	<u>\$ 13,565,231</u>	<u>\$ 8,925,299</u>	<u>\$ 884,391</u>	<u>\$ 1,335,674</u>	<u>\$ 395,097</u>	<u>\$ 25,105,692</u>	<u>\$ 76,582</u>

Note 9 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	\$ 3,891,738	\$ 6,649	\$ 3,898,387
State categorical aid	1,910,902	-	1,910,902
Total	<u>\$ 5,802,640</u>	<u>\$ 6,649</u>	<u>\$ 5,809,289</u>

Note 10 - Tax and Revenue Anticipation Notes (TRANS)

During the current year, the District has issued and paid the following Tax and Revenue Anticipation Notes:

Issue Date	Rate	Maturity Date	Outstanding July 1, 2021	Additions	Payments	Outstanding June 30, 2022
March 20, 2021	3.00%	1/31/2022	<u>\$ 24,000,000</u>	<u>\$ -</u>	<u>\$ (24,000,000)</u>	<u>\$ -</u>

Note 11 - 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 as restated	Additions	Deductions	Balance June 30, 2022	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 135,570,178	\$ 139,408,823	\$ (15,080,000)	\$ 259,899,001	\$ 14,960,000
Unamortized premium	8,038,190	9,232,954	(707,435)	16,563,709	-
Certificates of participation	995,000	38,585,000	(485,000)	39,095,000	2,480,000
Unamortized premium	-	3,574,342	(39,715)	3,534,627	-
Finance purchase agreement	356,633	-	(175,584)	181,049	181,049
Leases	517,699	-	(187,888)	329,811	190,438
Supplemental early retirement plan	6,983,011	-	(3,510,135)	3,472,876	1,736,438
Compensated absences	1,522,063	-	(4,443)	1,517,620	-
Total	<u>\$ 153,982,774</u>	<u>\$ 190,801,119</u>	<u>\$ (20,190,200)</u>	<u>\$ 324,593,693</u>	<u>\$ 19,547,925</u>

Payments on the general obligation bonds are paid by the Bond Interest and Redemption Fund. Certificates of participation are paid by the Special Reserve Fund for Capital Outlay Projects. The finance purchase agreement, leases, and the supplemental early retirement plan payments are made by the General Fund. The compensated absences will be paid by the General Fund, Adult Education 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	Issued	Interest Accreted	Redeemed	Bonds Outstanding June 30, 2022
5/30/2002	02/01/27	5.85-5.86%	\$ 92,000,541	\$ 11,668,574	\$ -	\$ 793,683	\$ -	\$ 12,462,257
1/7/2004	08/01/28	5.52%	20,359,341	4,351,604	-	345,140	-	4,696,744
10/2/2012	08/01/22	2.00-5.00%	56,480,000	13,180,000	-	-	(6,275,000)	6,905,000
10/20/2015	08/01/28	2.00-5.00%	42,060,000	16,665,000	-	-	(1,420,000)	15,245,000
6/6/2019	08/01/48	3.00-5.00%	56,500,000	50,245,000	-	-	(6,625,000)	43,620,000
2/25/2021	08/01/28	0.187-1.521%	39,460,000	39,460,000	-	-	(760,000)	38,700,000
6/1/2022	08/01/48	4.125-5.25%	138,270,000	-	138,270,000	-	-	138,270,000
				<u>\$ 135,570,178</u>	<u>\$ 138,270,000</u>	<u>\$ 1,138,823</u>	<u>\$ (15,080,000)</u>	<u>\$ 259,899,001</u>

Election of 2002, Series 2002A

In May 2002, the District issued \$92,000,541 of the Vista Unified School District, Election of 2002, Series 2002A General Obligation Bonds. The bonds issued included \$88,585,000 of current interest bonds and \$3,415,541 of capital appreciation bonds, with the capital appreciation bonds accreting to \$16,945,000. Proceeds from the sale of the bonds were used to fund construction, rehabilitation and repair of school facilities. The current interest bonds were refunded with the issuance of the 2012 General Obligation Refunding Bonds. The remaining bonds have a final maturity to occur on February 1, 2027, with interest rates of 5.85-5.86%. At June 30, 2022, the principal balance outstanding was \$12,462,257.

Election of 2002, Series 2003B

In January 2004, the District issued \$20,359,341 of the Vista Unified School District, Election of 2002, Series 2003B General Obligation Bonds. The bonds issued included \$19,215,000 of current interest bonds and \$1,144,341 of capital appreciation bonds, with the capital appreciation bonds accreting to \$7,425,000. Proceeds from the sale of the bonds were used to fund construction, rehabilitation and repair of school facilities. The current interest bonds were refunded with the issuance of the 2012 General Obligation Refunding Bonds. The remaining bonds have a final maturity to occur on August 1, 2028, with an interest rate of 5.52%. At June 30, 2022, the principal balance outstanding was \$4,696,744.

2012 General Obligation Refunding Bonds

In October 2012, the District issued \$56,480,000 of the Vista Unified School District, 2012 General Obligation Refunding Bonds. The bonds were issued as current interest bonds with a final maturity date of August 1, 2028 and with interest rates of 2.00 to 5.00%. Proceeds from the sale of the bonds were used to refund the outstanding General Obligation Bonds, Election of 2002A and Election of 2003B and pay certain costs of issuance. In 2021, a portion of the 2012 General Obligation Refunding Bonds were refunded with the issuance of the 2021 General Obligation Refunding Bonds. After the refunding, the final maturity date is August 1, 2022. At June 30, 2022, the principal balance outstanding was \$6,905,000.

2015 General Obligation Refunding Bonds

In October 2015, the District issued \$42,060,000 of the Vista Unified School District, 2015 General Obligation Refunding Bonds. The bonds were issued as current interest bonds with a final maturity date of August 1, 2028 and with interest rates of 2.00 to 5.00%. Proceeds from sale of bonds will be used to refund all of the District's outstanding General Obligation Refunding Bonds (2004), Series 2005, and a portion of the District's outstanding Election of 2002, General Obligation Bonds, Series C, and pay certain costs of issuance. At June 30, 2022, the principal balance outstanding was \$15,245,000 and unamortized premium on issuance and deferred charge on refunding were \$2,990,632 and \$1,079,776, respectively.

2018 Election, 2019 Series A

In June 2019, the District issued \$56,500,000 of the Vista Unified School District, 2018 Election, 2019 Series A General Obligation Bonds. The bonds were issued as current interest bonds with a final maturity date of August 1, 2048 and with interest rates of 3.00 to 5.00%. Proceeds from sale of bonds were used to finance the acquisition, construction, furnishing and equipping of District facilities and pay certain costs of issuance. At June 30, 2022, the principal balance outstanding was \$43,620,000 and unamortized premium on issuance was \$4,399,309.

2021 General Obligation Refunding Bonds

In February 2021, the District issued \$39,460,000 of the Vista Unified School District, 2021 General Obligation Refunding Bonds. The bonds were issued as current interest bonds with a final maturity date of August 1, 2028 and with interest rates of 0.187-1.521%. Proceeds from sale of bonds were used to refund a portion of the outstanding 2012 General Obligation Refunding Bonds, and to pay costs certain of issuance. At June 30, 2022, the principal balance outstanding was \$38,700,000 and unamortized deferred charge on refunding was \$1,480,947.

2018 Election, 2022 Series B

In June 2022, the District issued \$138,270,000 of the Vista Unified School District, 2018 Election, 2022 Series B General Obligation Bonds. The bonds were issued as current interest bonds with a final maturity date of August 1, 2048 and with interest rates of 4.125-5.25%. Proceeds from sale of bonds will be used to finance the acquisition, construction, furnishing and equipping of District facilities and pay certain costs of issuance. At June 30, 2022, the principal balance outstanding was \$138,270,000 and unamortized premium on issuance was \$9,173,768.

The general obligation bonds mature through 2049 as follows:

Bonds Maturing Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Current Interest to Maturity	Total
2023	\$ 14,960,000	\$ -	\$ 7,401,469	\$ 22,361,469
2024	15,920,000	-	9,157,136	25,077,136
2025	10,735,000	-	8,869,262	19,604,262
2026	11,115,000	-	8,699,758	19,814,758
2027	11,987,075	2,857,925	8,536,432	23,381,432
2028-2032	32,421,926	4,353,074	39,909,547	76,684,547
2033-2037	20,825,000	-	36,160,400	56,985,400
2038-2042	39,690,000	-	29,292,456	68,982,456
2043-2047	66,035,000	-	17,468,131	83,503,131
2048-2049	36,210,000	-	1,849,375	38,059,375
Total	<u>\$ 259,899,001</u>	<u>\$ 7,210,999</u>	<u>\$ 167,343,966</u>	<u>\$ 434,453,966</u>

Certificates of Participation

The District entered into a long-term lease-purchase agreement with the Vista Unified School District Improvement Corporation (the Corporation) for the acquisition, construction, and improvement of District facilities. The Corporation is a nonprofit public benefit corporation organized primarily to render financial assistance to the District by financing and constructing public school buildings and facilities in the District.

The outstanding certificates of participation are as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	COPs Outstanding July 1, 2021	Issued	Redeemed	COPs Outstanding June 30, 2022
5/6/1998	5/1/2023	3.80-5.125%	\$ 7,610,000	\$ 995,000	\$ -	\$ (485,000)	\$ 510,000
5/12/2022	10/1/2037	4.00-5.00%	38,585,000	-	38,585,000	-	38,585,000
				<u>\$ 995,000</u>	<u>\$ 38,585,000</u>	<u>\$ (485,000)</u>	<u>\$ 39,095,000</u>

In May 1998, Certificates of Participation of \$7,610,000 were issued. The certificates have a final maturity of May 1, 2023, with interest rates of 3.80-5.125%.

In May 2022, Certificates of Participation of \$38,585,000 were issued. The certificates have a final maturity of October 1, 2037, with interest rates of 4.00-5.00%.

The certificates mature through 2038 as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 2,480,000	\$ 1,553,146	\$ 4,033,146
2024	1,060,000	1,653,850	2,713,850
2025	1,195,000	1,597,475	2,792,475
2026	1,340,000	1,534,100	2,874,100
2027	1,510,000	1,462,850	2,972,850
2028-2032	10,585,000	5,909,875	16,494,875
2033-2037	16,745,000	2,678,675	19,423,675
2038	4,180,000	83,600	4,263,600
Total	<u>\$ 39,095,000</u>	<u>\$ 16,473,571</u>	<u>\$ 55,568,571</u>

Finance Purchase Agreement

The District has entered into an agreement to lease buses. The agreement is, in substance, a purchase, and is reported as a finance purchase agreement. At June 30, 2022, the principal balance outstanding was \$181,049.

The remaining payment requirements for the finance purchase obligation are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 181,049	\$ 5,635	\$ 186,684

Leases

The District has entered into an agreement to lease vehicles. The District's liability on lease agreements is summarized below:

Lease	July 1, 2021 as restated	Addition	Payments	June 30, 2022
Vehicles	\$ 517,699	\$ -	\$ (187,888)	\$ 329,811

Vehicles

The District entered into an agreement to lease vehicles for five years, beginning July 1, 2018. Under the terms of the lease, the District pays a monthly payment of \$16,125. The annual interest rate charged on the lease is 1.75%. At June 30, 2022, the District has recognized a right-to-use asset of \$327,607 and a lease liability of \$329,811 related to this agreement. During the fiscal year, the District recorded \$190,092 in amortization expense for the right-to-use of the vehicles.

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	\$ 190,438	\$ 3,060	\$ 193,498
2024	99,745	965	100,710
2025	39,628	161	39,789
Total	\$ 329,811	\$ 4,186	\$ 333,997

Supplemental Early Retirement Plan (SERP)

In June 2017, the District adopted a supplemental early retirement plan (Plan 1) whereby certain eligible employees are provided an annuity to supplement the retirement benefits that they are entitled to through the California State Teachers' Retirement System and the California Public Employees' Retirement System. The annuities offered to 182 employees are being paid over a five-year period. As of June 30, 2022, the outstanding balance was paid in full.

In November 2018, the District adopted a supplemental early retirement plan incentive (Plan 2) whereby certain eligible employees are provided a retirement incentive supplementing the retirement benefits that they are entitled to through the California State Teachers' Retirement System (STRS) and the California Public Employees Retirement System (PERS). The incentive annuities require the District to pay each retiring employee 70% of the salary earned in 2018-2019 over a five-year period with an annual administrative fee of 4% for each premium paid. Eligible employees must have been active as of the first day of school on August 15, 2018, be age 55 or older and have a minimum five years of district service, resign from the District as of June 30, 2019 and retire from STRS/PERS on or before July 1, 2019. A total of 162 employees participated in the plan. Total cost of the plan was \$8,682,191 with an effective first date of payment as of July 10, 2019 in the amount of \$1,736,438. As of June 30, 2022, the outstanding balance of the plan was \$3,472,876.

The annual requirements for annuity payments at June 30, 2022 are as follows:

Year Ending June 30,	Plan 2
2023	\$ 1,736,438
2024	1,736,438
Total	\$ 3,472,876

Note 12 - Net Other Postemployment Benefit (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 plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 32,662,667	\$ 3,884,609	\$ 7,723,418	\$ 2,982,505
Medicare Premium Payment (MPP) Program	1,246,572	-	-	1,246,572
Total	\$ 33,909,239	\$ 3,884,609	\$ 7,723,418	\$ 4,229,077

The details of each 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 July 1, 2021, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	178
Active employees	<u>1,853</u>
Total	<u><u>2,031</u></u>

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.

Contributions

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Vista Teachers Association (VTA), 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 the agreements with the District, VTA, CSEA, and the unrepresented groups. For measurement period of June 30, 2021, the District paid \$2,917,430 in benefits.

Total OPEB Liability of the District

The District’s total OPEB liability of \$32,662,667 was measured as of June 30, 2021, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions

The total OPEB liability as of June 30, 2022 was determined by applying updated procedures to the financial reporting actuarial valuation as of July 1, 2021 and rolling forward the total OPEB liability to June 30, 2022. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.75%, average, including inflation
Discount rate	2.19%
Healthcare cost trend rates	7.25% for 2022

The discount rate was based on the 20-year tax-exempt general obligation bond municipal bonds with an average rating of AA/As or higher (or equivalent quality on another rating scale) tax-exempt, high quality 20-year municipal bonds.

Mortality rates used were as follows:

- PERS Employees: SOA Pub-2010 General Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2021.
- STRS Employees: SOA Pub-2010 Teachers Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2021.
- Surviving Spouses: SOA Pub-2010 Contingent Survivors Total Dataset Headcount Weighted Mortality Table Fully generational using Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actual experience study for the period July 1, 2019 to June 30, 2020.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance, June 30, 2021	\$ 39,355,149
Service cost	2,494,016
Interest	1,074,641
Change of benefit terms	250,241
Differences between expected and actual experience	(1,352,198)
Changes of assumptions	(6,241,752)
Benefit payments	<u>(2,917,430)</u>
Net change in total OPEB liability	<u>(6,692,482)</u>
Balance, June 30, 2022	<u><u>\$ 32,662,667</u></u>

Changes of assumptions reflect a change in the discount rate from 2.66 % in 2021 to 2.19% in 2022. Changes in benefit terms reflect an increase in the maximum contributions from \$487.50 per month to \$975 per month for Management/Other Employees and Certificated Employees retiring on or after July 1, 2021.

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:

<u>Discount Rate</u>	<u>Total OPEB Liability</u>
1% decrease (1.19%)	\$ 34,414,377
Current discount rate (2.19%)	32,662,667
1% increase (3.19%)	30,962,176

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

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

<u>Healthcare Cost Trend Rates</u>	<u>Total OPEB Liability</u>
1% decrease (6.25%)	\$ 31,074,534
Current healthcare cost trend rate (7.25%)	32,662,667
1% increase (8.25%)	34,522,107

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 \$2,982,505. At June 30, 2022, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to measurement date	\$ 2,799,714	\$ -
Differences between expected and actual experience	108,985	2,072,375
Changes of assumptions	975,910	5,651,043
Total	<u>\$ 3,884,609</u>	<u>\$ 7,723,418</u>

Amounts reported as deferred outflows of resources for OPEB contributions subsequent to measurement date will be reported as a 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	\$ (836,393)
2024	(836,393)
2025	(836,393)
2026	(802,120)
2027	(802,124)
Thereafter	<u>(2,525,100)</u>
Total	<u>\$ (6,638,523)</u>

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 \$1,246,572 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 was 0.3125%.

For the year ended June 30, 2022, the District recognized OPEB expense of \$1,246,572.

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	June 30,-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:

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (1.16%)	\$ 1,374,064
Current discount rate (2.16%)	1,246,572
1% increase (3.16%)	1,134,642

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:

<u>Medicare Costs Trend Rates</u>	<u>Net OPEB Liability</u>
1% decrease (3.50% Part A and 4.40% Part B)	\$ 1,133,611
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	1,246,572
1% increase (5.50% Part A and 6.40% Part B)	1,376,077

Note 13 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 250,000	\$ -	\$ -	\$ 870	\$ 250,870
Stores inventories	92,149	-	-	521,675	613,824
Total nonspendable	342,149	-	-	522,545	864,694
Restricted					
Legally restricted programs	29,789,502	-	-	3,738,237	33,527,739
Food service	-	-	-	7,324,879	7,324,879
Capital projects	-	149,521,768	41,149,326	9,510,641	200,181,735
Debt service	-	-	-	27,815,863	27,815,863
Total restricted	29,789,502	149,521,768	41,149,326	48,389,620	268,850,216
Assigned					
Site carryover	9,920,207	-	-	-	9,920,207
Capital projects	-	-	10,048,200	-	10,048,200
Total assigned	9,920,207	-	10,048,200	-	19,968,407
Unassigned					
Remaining unassigned	23,452,113	-	-	-	23,452,113
Total	\$ 63,503,971	\$ 149,521,768	\$ 51,197,526	\$ 48,912,165	\$ 313,135,430

Note 14 - Risk Management

Description

The District's risk management activities are recorded in the General Fund and Internal Service Fund. Employee life, health, and disability programs are administered by the General Fund through the purchase of commercial insurance, except for the dental program which is self-insured through the Internal Service Fund. The District participates in Southern California Regional Liability Excess Fund (SCRLEF) for property and liability coverage. The District participated in the Protected Insurance Program for Schools Joint Powers Authority (PIPS) for workers' compensation. Refer to Note 17 for additional information regarding the JPAs.

For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Claims Liability

The District records an estimated liability for dental claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims using a two-month lag based on program history and experience.

Unpaid Claims Liability

The following represent the changes in approximate aggregate liability for the District from July 1, 2020 to June 30, 2022:

	Dental Program
Liability Balance, July 1, 2020	\$ 178,000
Claims and changes in estimates	1,018,255
Claims payments	(1,026,255)
Liability Balance, July 1, 2021	170,000
Claims and changes in estimates	1,002,639
Claims payments	(1,002,639)
Liability Balance, June 30, 2022	\$ 170,000
Assets available to pay claims at June 30, 2022	\$ 2,356,328

Note 15 - 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:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 94,618,156	\$ 35,202,167	\$ 92,082,781	\$ 5,948,583
CalPERS	58,083,646	12,273,521	26,300,239	3,991,929
Total	\$ 152,701,802	\$ 47,475,688	\$ 118,383,020	\$ 9,940,512

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 \$20,800,271.

Pension Liabilities, Pension Expense, 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	\$ 94,618,156
State's proportionate share of the net pension liability	<u>47,608,186</u>
Total	<u><u>\$ 142,226,342</u></u>

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, respectively, was 0.2079% and 0.2062%, resulting in a net increase in the proportionate share of 0.0017%.

For the year ended June 30, 2022, the District recognized pension expense of \$5,948,583. In addition, the District recognized pension expense and revenue of \$1,628,855 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	\$ 20,800,271	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	758,485	7,168,040
Differences between projected and actual earnings on pension plan investments	-	74,845,397
Differences between expected and actual experience in the measurement of the total pension liability	237,024	10,069,344
Changes of assumptions	<u>13,406,387</u>	<u> </u>
Total	<u><u>\$ 35,202,167</u></u>	<u><u>\$ 92,082,781</u></u>

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	\$ (19,006,242)
2024	(17,384,503)
2025	(17,815,928)
2026	(20,638,724)
Total	\$ (74,845,397)

The deferred outflows/(inflows) of resources related to the change in proportionate 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	\$ 2,668,070
2024	3,530,031
2025	(2,824,046)
2026	(2,850,128)
2027	(2,141,885)
Thereafter	(1,217,530)
Total	\$ (2,835,488)

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:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.10%)	\$ 192,608,700
Current discount rate (7.10%)	94,618,156
1% increase (8.10%)	13,287,875

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 provides 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	22.910%	22.910%

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 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 \$9,773,617.

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 \$58,083,646. The net pension liability was measured as of June 30, 2020. 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, respectively, was 0.2860% and 0.2842%, resulting in a net increase in the proportionate share of 0.0018%.

For the year ended June 30, 2022, the District recognized pension expense of \$3,991,929. 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	\$ 9,773,617	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	765,958	3,872,538
Differences between projected and actual earnings on pension plan investments	-	22,290,774
Differences between expected and actual experience in the measurement of the total pension liability	1,733,946	136,927
Total	\$ 12,273,521	\$ 26,300,239

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	\$ (5,590,507)
2024	(5,140,971)
2025	(5,359,798)
2026	(6,199,498)
Total	\$ (22,290,774)

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 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:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2023	\$ (128,152)
2024	(1,316,660)
2025	(72,762)
2026	<u>8,013</u>
Total	<u>\$ (1,509,561)</u>

Actuarial Methods and Assumptions

Total pension liability for the SEP 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, 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:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.15%)	\$ 97,937,183
Current discount rate (7.15%)	58,083,646
1% increase (8.15%)	24,996,659

Alternative Retirement Program

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use the Public Agency Retirement System (PARS) as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 1.30% of an employee's gross earnings. An employee is required to contribute 6.20% of his or her gross earnings to the pension plan.

During the year, the District's required and actual contributions amounted to \$54,262, which represents 0.03% of its current year covered payroll.

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 \$13,371,539 (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 16 - 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.

Construction Commitments

As of June 30, 2022, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Rancho Minerva Middle School - Shade Improvements	\$ 1,678,515	08/01/22
Vista Magnet Middle School - Facade Improvement	77,283	01/01/23
Rancho Buena Vista High School - CTE Classrooms	10,871,508	08/01/23
Vista High School - New Classrooms	47,124,813	08/01/23
Beaumont Elementary School - Replace/Demo Relocatable Classrooms	309,682	12/01/23
Lake Elementary School - Student restroom upgrades	941,590	12/01/23
Madison Middle School - Madison Shade Improvements	227,475	12/01/23
Foothill Elementary - gutters	56,182	12/01/23
District wide - Lanscaping planning	20,870	12/01/23
District wide - Paint refresh	140,970	12/01/23
District wide - Roofing summer repairs	152,971	08/01/23
Vista High School - Building N modernization	186,130	08/01/23
Vista High School - Restroom Conversion	2,500	08/01/23
Bobier Elementary School - Replace/Demo Relocatable Classrooms	1,156,785	01/01/25
Total	<u>\$ 62,947,274</u>	

Note 17 - Participation in Public Entity Risk Pools, Joint Power Authorities, and other Related Party Transactions

The District is a member of the Southern California Regional Liability Excess Fund (SCRLEF) and the Protected Insurance Program for Schools (PIPS) Joint Power Authority's (JPAs). The District pays an annual premium to SCRLEF and PIPS for its property and liability coverage and workers' compensation coverage. The relationships between the District and the JPAs are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2022, the District made payments of \$1,722,561 and \$5,917,804 to SCRLEF and PIPS, respectively, for services received.

Note 18 - Adoption of New Accounting Standard - Restatement of Prior Year Net Position and Fund Balance

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 Statement 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. Beginning net position and fund balance was restated to retroactively adopt the provisions of GASB Statement No. 87 as follows:

Governmental Activities	
Net Position - Beginning, as previous reported on June 30, 2021	\$ (71,439,151)
Lease receivables	3,813,438
Right-to-use intangible asset, net of amortization	517,699
Lease liability	(517,699)
Deferred inflows of resources related to leases	<u>(3,813,438)</u>
Net Position - Beginning, as restated on July 1, 2021	<u>\$ (71,439,151)</u>
General Fund	
Fund Balance - Beginning, as previous reported on June 30, 2021	\$ 34,147,632
Lease receivables	3,813,438
Deferred inflows of resources related to leases	<u>(3,813,438)</u>
Fund Balance - Beginning, as restated on July 1, 2021	<u>\$ 34,147,632</u>



Required Supplementary Information
June 30, 2022

Vista Unified School District

Vista Unified 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	\$ 214,859,278	\$ 218,556,656	\$ 218,407,965	\$ (148,691)
Federal sources	25,183,055	29,729,354	26,186,873	(3,542,481)
Other State sources	23,429,074	40,112,690	49,283,101	9,170,411
Other local sources	19,920,716	22,258,972	22,840,332	581,360
Total revenues	<u>283,392,123</u>	<u>310,657,672</u>	<u>316,718,271</u>	<u>6,060,599</u>
Expenditures				
Current				
Certificated salaries	120,957,098	122,333,649	124,598,643	(2,264,994)
Classified salaries	44,264,077	44,016,444	44,140,569	(124,125)
Employee benefits	79,368,547	77,702,969	77,708,400	(5,431)
Books and supplies	24,095,622	17,839,808	12,726,333	5,113,475
Services and operating expenditures	25,394,291	27,539,911	25,734,237	1,805,674
Other outgo	1,477,079	1,060,757	465,705	595,052
Capital outlay	3,084,790	5,044,928	1,513,704	3,531,224
Debt service				
Debt service - principal	172,004	172,004	363,472	(191,468)
Debt service - interest and other	11,100	11,100	207,362	(196,262)
Total expenditures	<u>298,824,608</u>	<u>295,721,570</u>	<u>287,458,425</u>	<u>8,263,145</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(15,432,485)</u>	<u>14,936,102</u>	<u>29,259,846</u>	<u>14,323,744</u>
Other Financing Sources				
Transfers in	<u>235,340</u>	<u>185,340</u>	<u>96,493</u>	<u>(88,847)</u>
Net Change in Fund Balances	(15,197,145)	15,121,442	29,356,339	14,234,897
Fund Balance - Beginning, as restated	<u>34,147,632</u>	<u>34,147,632</u>	<u>34,147,632</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 18,950,487</u>	<u>\$ 49,269,074</u>	<u>\$ 63,503,971</u>	<u>\$ 14,234,897</u>

Vista Unified 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	\$ 2,494,016	\$ 2,319,115	\$ 2,240,185	\$ 2,208,760	\$ 2,136,132
Interest	1,074,641	1,241,505	1,333,485	1,267,401	1,226,930
Change of benefit terms	250,241	-	-	-	-
Difference between expected and actual experience	(1,352,198)	(1,160,561)	174,376	-	-
Changes of assumptions	(6,241,752)	1,210,312	109,084	(239,911)	-
Benefit payments	<u>(2,917,430)</u>	<u>(2,677,188)</u>	<u>(2,589,087)</u>	<u>(2,300,126)</u>	<u>(2,190,596)</u>
Net change in total OPEB liability	(6,692,482)	933,183	1,268,043	936,124	1,172,466
Total OPEB Liability - Beginning	<u>39,355,149</u>	<u>38,421,966</u>	<u>37,153,923</u>	<u>36,217,799</u>	<u>35,045,333</u>
Total OPEB Liability - Ending	<u>\$ 32,662,667</u>	<u>\$ 39,355,149</u>	<u>\$ 38,421,966</u>	<u>\$ 37,153,923</u>	<u>\$ 36,217,799</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.

Vista Unified 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
Proportion of the net OPEB liability	0.3125%
Proportionate share of the net OPEB liability	\$ 1,246,572
Covered payroll	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(0.80%)
Measurement Date	June 30, 2021

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.

Vista Unified 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	0.2079%	0.2062%	0.2130%	0.2148%	0.2144%	0.2114%	0.2162%	0.1913%
Proportionate share of the net pension liability	\$ 94,618,156	\$ 199,852,414	\$ 192,336,873	\$ 197,397,120	\$ 198,306,666	\$ 170,952,455	\$ 145,525,900	\$ 111,784,971
State's proportionate share of the net pension liability	47,608,186	103,023,943	104,932,605	113,019,083	117,316,548	103,238,385	82,030,821	65,547,421
Total	<u>\$ 142,226,342</u>	<u>\$ 302,876,357</u>	<u>\$ 297,269,478</u>	<u>\$ 310,416,203</u>	<u>\$ 315,623,214</u>	<u>\$ 274,190,840</u>	<u>\$ 227,556,721</u>	<u>\$ 177,332,392</u>
Covered payroll	\$ 113,502,372	\$ 111,762,731	\$ 114,467,340	\$ 114,330,000	\$ 113,647,544	\$ 105,825,061	\$ 97,351,892	87,401,455
Proportionate share of the net pension liability as a percentage of its covered payroll	83.36%	178.82%	168.03%	172.66%	174.49%	161.54%	149.48%	127.90%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%	69%	70%	74%	77%
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	0.2860%	0.2842%	0.3036%	0.2974%	0.3135%	0.3195%	0.3199%	0.3013%
Proportionate share of the net pension liability	\$ 58,083,646	\$ 87,191,395	\$ 88,485,067	\$ 79,286,454	\$ 74,851,254	\$ 63,097,931	\$ 47,158,218	\$ 34,202,366
Covered payroll	\$ 41,419,304	\$ 41,682,633	\$ 42,053,161	\$ 39,222,091	\$ 39,983,057	\$ 39,222,580	\$ 38,131,425	35,379,462
Proportionate share of the net pension liability as a percentage of its covered payroll	140.23%	209.18%	210.41%	202.15%	187.21%	160.87%	123.67%	96.67%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%	72%	74%	79%	83%
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.

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
CalSTRS								
Contractually required contribution	\$ 20,800,271	\$ 18,330,633	\$ 19,111,427	\$ 18,635,283	\$ 16,497,819	\$ 14,296,861	\$ 11,355,029	\$ 8,644,848
Less contributions in relation to the contractually required contribution	<u>20,800,271</u>	<u>18,330,633</u>	<u>19,111,427</u>	<u>18,635,283</u>	<u>16,497,819</u>	<u>14,296,861</u>	<u>11,355,029</u>	<u>8,644,848</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 122,933,044</u>	<u>\$ 113,502,372</u>	<u>\$ 111,762,731</u>	<u>\$ 114,467,340</u>	<u>\$ 114,330,000</u>	<u>\$ 113,647,544</u>	<u>\$ 105,825,061</u>	<u>\$ 97,351,892</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	\$ 9,773,617	\$ 8,573,796	\$ 8,220,232	\$ 7,595,642	\$ 6,091,583	\$ 5,552,847	\$ 4,646,699	\$ 4,488,450
Less contributions in relation to the contractually required contribution	<u>9,773,617</u>	<u>8,573,796</u>	<u>8,220,232</u>	<u>7,595,642</u>	<u>6,091,583</u>	<u>5,552,847</u>	<u>4,646,699</u>	<u>4,488,450</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 42,660,921</u>	<u>\$ 41,419,304</u>	<u>\$ 41,682,633</u>	<u>\$ 42,053,161</u>	<u>\$ 39,222,091</u>	<u>\$ 39,983,057</u>	<u>\$ 39,222,580</u>	<u>\$ 38,131,425</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 Schedules

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board 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. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – Changes in benefit terms reflect an increase in the maximum contributions from \$487.50 per month to \$975 per month for Management/Other Employees and Certificates Employees retiring on or after July 1, 2021.
- *Changes of Assumptions* – The discount rate was changed from 2.66% in 2021 to 2.19% in 2022.

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

Vista Unified School District

Vista Unified 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 Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through North Coastal SELPA			
Special Education (IDEA) Cluster			
COVID-19 ARP IDEA Part B, Sec.611, Local Assistance			
Private School Individual Service Plans (ISPs)	84.027	10169	\$ 11,167
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	4,604,777
Local Assistance, Part B, Private School ISPs	84.027	10115	52,524
Mental Health Allocation Plan, Part B, Section 611	84.027A	15197	242,898
Subtotal			<u>4,911,366</u>
Preschool Grants, Part B, Section 619	84.173	13430	171,504
Preschool Staff Development, Part B, Sec 619	84.173A	13431	2,075
Subtotal			<u>173,579</u>
Total Special Education (IDEA) Cluster			<u>5,084,945</u>
Passed Through California Department of Education (CDE)			
Adult Education: Adult Basic Education & ELA	84.002A	14508	617,557
Adult Secondary Education	84.002	13978	413,662
English Literacy & Civics Education	84.002A	14109	48,216
Adult Education: Institutionalized Adults	84.002	13971	8,395
Subtotal			<u>1,087,830</u>
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	6,971,883
School Improvement Funding for LEAs	84.010	15438	289,990
Subtotal			<u>7,261,873</u>
Education Stabilization Fund (ESF)			
COVID-19 Elementary and Secondary School Emergency			
Relief (ESSER) Fund	84.425D	15536	27,596
COVID-19 Elementary and Secondary School Emergency			
Relief II (ESSER II) Fund	84.425D	15547	5,287,100
COVID-19 Elementary and Secondary School Emergency			
Relief III (ESSER III) Fund	84.425U	15559	3,270,461
COVID-19 Elementary and Secondary School Emergency			
Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	232,328
COVID-19 Expanded Learning Opportunities (ELO) Grant:			
ESSER II State Reserve	84.425D	15618	1,014,481
COVID-19 Expanded Learning Opportunities (ELO) Grant:			
ESSER III State Reserve Emergency Needs	84.425U	15620	187,910
COVID-19 Expanded Learning Opportunities (ELO) Grant:			
ESSER III State Reserve Learning Loss	84.425U	15621	1,805,343
Subtotal Education Stabilization Fund			<u>11,825,219</u>
Title III, Immigrant Student Program	84.365	15146	1,402
Title III, English Learner Student Program	84.365	14346	115,731
Subtotal			<u>117,133</u>
Strengthening Career and Technical Education			
for the 21st Century (Perkins V): Secondary, Sec. 131	84.048	14894	150,419
Strengthening Career and Technical Education			
for the 21st Century (Perkins V): Adult, Section 132	84.048	14893	50,152
Subtotal			<u>200,571</u>

Vista Unified 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 Number	Pass-Through Entity Identifying Number	Federal Expenditures
Passed through CDE (continued)			
Title II, Part A, Supporting Effective Instruction	84.367	14341	\$ 141,190
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	158,877
Passed through San Diego County Office of Education (SDCOE)			
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14349	436,021
Title IV, Part B, 21st Century Community Learning Centers (CCLC) - Equitable Access	84.287	14765	812,757
Title IV, Part B, 21st Century Community Learning Centers (CCLC) - High School ASSETS	84.287	14535	10,643
Title IV, Part B, 21st Century Community Learning Centers (CCLC) - ASSETS Equitable Access	84.287	14603	93,959
Subtotal			<u>1,353,380</u>
Passed through Department of Rehabilitation			
Workability II, Transition Partnership	84.126	10006	264,087
Total U.S. Department of Education			<u>27,495,105</u>
U.S. Department of Defense			
Junior ROTC Program	12.000	[1]	93,837
Total U.S. Department of Defense			<u>93,837</u>
U.S. Department of Agriculture			
Passed Through CDE			
Child Nutrition Cluster			
School Lunch - Section 4	10.555	13523	817,623
School Lunch - Section 11	10.555	13524	7,825,134
Commodities	10.555	13396	267,302
COVID-19 SNP COVID-19 Emergency Operational Costs Reimbursement (ECR)	10.555	15367	802,149
Subtotal			<u>9,712,208</u>
School Basic Breakfast Program	10.553	13525	64,754
School Breakfast Program Severe Need	10.553	13526	2,850,550
Subtotal			<u>2,915,304</u>
Total Child Nutrition Cluster			<u>12,627,512</u>
NSLP Equipment Assistance Grants	10.579	14906	96,966
Passed Through California Department of Social Services			
Child Care Food Program (CCFP) Claims-Centers and Family Day Care Homes	10.558	13529	714,095
CCFP Cash in Lieu of Commodities	10.558	13534	50,728
COVID-19 CACFP COVID-19 Emergency Operational Costs Reimbursement (ECR)	10.558	15577	163,248
Subtotal			<u>928,071</u>
Total U.S. Department of Agriculture			<u>13,652,549</u>
Total Federal Financial Assistance			<u>\$ 41,241,491</u>

[1] Direct award, no pass-through entity identifying number

Organization

The Vista Unified School District was established in 1936 and is comprised of an area of approximately 38.7 square miles in Vista, California. The District is currently operating fifteen elementary schools, five middle schools, three comprehensive high schools, two alternative high schools, one early childhood special education center, one blended learning/independent study middle/high school, an adult school, and an adult transition center. There were no changes in the boundaries of the district during the current fiscal year.

Governing Board

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Cipriano Vargas	President	2024
Debbie Morton	Vice President	2022
Martha Alvarado	Clerk	2022
Julie Kelly	Member	2024
Rosemary Smithfield	Member	2024

Administration

Mathew Doyle, Ed.D	Superintendent
Rachel D-Ambroso	Assistant Superintendent, Human Relations
Ami Shackelford	Assistant Superintendent, Business Services
Christine Olmstead	Assistant Superintendent, Educational, Excellence & Innovation Services

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

	Final Report		As Adjusted per Audit	
	Second Period Report	Annual Report	Second Period Report	Annual Report
Regular ADA				
Transitional kindergarten through third	5,358.63	5,317.86	5,259.43	5,317.86
Fourth through sixth	3,895.43	3,877.37	3,849.51	3,877.37
Seventh and eighth	2,438.79	2,447.46	2,437.43	2,447.46
Ninth through twelfth	5,691.09	5,669.66	5,698.11	5,669.66
	17,383.94	17,312.35	17,244.48	17,312.35
Total Regular ADA				
Extended Year Special Education				
Transitional kindergarten through third	12.16	12.16	12.16	12.16
Fourth through sixth	6.58	6.58	6.58	6.58
Seventh and eighth	2.32	2.32	2.32	2.32
Ninth through twelfth	8.56	8.56	8.56	8.56
	29.62	29.62	29.62	29.62
Total Extended Year Special Education				
Special Education, Nonpublic, and Nonsectarian Schools				
Fourth through sixth	1.95	2.19	1.95	2.19
Seventh and eighth	2.53	2.45	2.53	2.45
Ninth through twelfth	15.70	15.95	15.70	15.95
	20.18	20.59	20.18	20.59
Total Special Education, Nonpublic, and Nonsectarian Schools				
Extended Year Special Education, Nonpublic, and Nonsectarian Schools				
Fourth through sixth	0.30	0.30	0.30	0.30
Seventh and eighth	0.39	0.39	0.39	0.39
Ninth through twelfth	2.68	2.68	2.68	2.68
	3.37	3.37	3.37	3.37
Total Extended Year Special Education, Nonpublic, and Nonsectarian Schools				
Total ADA	17,437.11	17,365.93	17,297.65	17,365.93

Vista Unified 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	54,396	-	54,396	180	-	180	N/A	N/A	N/A	Complied
Grades 1 - 3	50,400										
Grade 1		54,396	-	54,396	180	-	180	N/A	N/A	N/A	Complied
Grade 2		54,396	-	54,396	180	-	180	N/A	N/A	N/A	Complied
Grade 3		54,396	-	54,396	180	-	180	N/A	N/A	N/A	Complied
Grades 4 - 8	54,000										
Grade 4		54,396	-	54,396	180	-	180	N/A	N/A	N/A	Complied
Grade 5		54,396	-	54,396	180	-	180	N/A	N/A	N/A	Complied
Grade 6		60,180	-	60,180	180	-	180	N/A	N/A	N/A	Complied
Grade 7		60,180	-	60,180	180	-	180	N/A	N/A	N/A	Complied
Grade 8		60,180	-	60,180	180	-	180	N/A	N/A	N/A	Complied
Grades 9 - 12	64,800										
Grade 9		65,597	-	65,597	180	-	180	N/A	N/A	N/A	Complied
Grade 10		65,597	-	65,597	180	-	180	N/A	N/A	N/A	Complied
Grade 11		65,597	-	65,597	180	-	180	N/A	N/A	N/A	Complied
Grade 12		65,597	-	65,597	180	-	180	N/A	N/A	N/A	Complied

Vista Unified 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.

	Adult Education Fund	Cafeteria Fund	Building Fund	Capital Facilities Fund
Fund Balance				
Balance, June 30, 2022, Unaudited Actuals	\$ 2,453,510	\$ 7,966,602	\$ 153,497,198	\$ 9,753,078
Increase in				
Receivables	-	-	32,844	-
Decrease in				
Cash in county treasury (change in FMV)	(55,785)	(119,178)	(4,008,274)	(242,768)
Balance, June 30, 2022, Audited Financial Statements	<u>\$ 2,397,725</u>	<u>\$ 7,847,424</u>	<u>\$ 149,521,768</u>	<u>\$ 9,510,310</u>
	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption	
Fund Balance				
Balance, June 30, 2022, Unaudited Actuals	\$ 339	\$ 10,278,360	\$ 27,976,612	
Increase in				
Cash with fiscal agent	-	41,149,326	-	
Decrease in				
Cash in county treasury (change in FMV)	(8)	(230,160)	(691,254)	
Balance, June 30, 2022, Audited Financial Statements	<u>\$ 331</u>	<u>\$ 51,197,526</u>	<u>\$ 27,285,358</u>	
	Internal Service Fund			
Net Position				
Balance, June 30, 2022, Unaudited Actuals	\$ 2,396,247			
Increase in				
Accounts payable	(395,097)			
Decrease in				
Cash with fiscal agent	(94,705)			
Prepaid expense	(80,936)			
Cash in county treasury (change in FMV)	(40,634)			
Balance, June 30, 2022, Audited Financial Statements	<u>\$ 1,784,875</u>			

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

	(Budget) 2023 ¹	2022	2021 ¹	2020 ¹
General Fund				
Revenues	\$ 335,322,425	\$ 316,718,271	\$ 286,804,787	\$ 262,526,178
Other sources	185,340	96,493	573,923	-
Total revenues and other sources	<u>335,507,765</u>	<u>316,814,764</u>	<u>287,378,710</u>	<u>262,526,178</u>
Expenditures	334,439,124	287,458,425	265,948,335	264,617,175
Other uses	-	-	2,471,191	-
Total expenditures and other uses	<u>334,439,124</u>	<u>287,458,425</u>	<u>268,419,526</u>	<u>264,617,175</u>
Increase/(Decrease) in Fund Balance	<u>1,068,641</u>	<u>29,356,339</u>	<u>18,959,184</u>	<u>(2,090,997)</u>
Ending Fund Balance	<u>\$ 64,572,612</u>	<u>\$ 63,503,971</u>	<u>\$ 34,147,632</u>	<u>\$ 15,188,448</u>
Available Reserves ²	<u>\$ 24,032,833</u>	<u>\$ 23,452,113</u>	<u>\$ 20,952,488</u>	<u>\$ 10,285,129</u>
Available Reserves as a Percentage of Total Outgo	<u>7.19%</u>	<u>8.16%</u>	<u>7.81%</u>	<u>3.89%</u>
Long-Term Liabilities	<u>N/A</u>	<u>\$ 511,204,734</u>	<u>\$ 480,381,732</u>	<u>\$ 492,382,451</u>
K-12 Average Daily Attendance at P-2	<u>18,601</u>	<u>17,298</u>	<u>19,437</u>	<u>19,437</u>

The General Fund balance has increased by \$48,315,523 over the past two years. The fiscal year 2022-2023 budget projects an increase of \$1,068,641 (1.68 %). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years, and anticipates incurring an operating surplus during the 2022-2023 fiscal year. Total long-term liabilities have decreased by \$23,297,344 over the past two years.

Average daily attendance has decreased by 2,139 over the past two years. An increase of 1,303 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.

Vista Unified School District
Schedule of Charter Schools
Year Ended June 30, 2022

<u>Name of Charter School</u>	<u>Charter Number</u>	<u>Included in Audit Report</u>
Bella Mente Montessori Academy	1515	No
Guajome Park Academy	0050	No
Guajome Learning Center	1351	No
North County Trade Tech Charter High School	0884	No
School for Intergreated Academies and Technologies	0627	No

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

	Adult Education Fund	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund
Assets				
Deposits and investments	\$ 2,251,916	\$ 1,348,904	\$ 4,717,995	\$ 9,582,603
Receivables	636,989	103	3,502,296	32,050
Due from other funds	215,533	-	61,837	-
Stores inventories	-	-	521,675	-
Total assets	<u>\$ 3,104,438</u>	<u>\$ 1,349,007</u>	<u>\$ 8,803,803</u>	<u>\$ 9,614,653</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 649,653	\$ -	\$ 581,678	\$ 104,343
Due to other funds	57,060	8,495	368,052	-
Unearned revenue	-	-	6,649	-
Total liabilities	<u>706,713</u>	<u>8,495</u>	<u>956,379</u>	<u>104,343</u>
Fund Balances				
Nonspendable	-	-	522,545	-
Restricted	2,397,725	1,340,512	7,324,879	9,510,310
Assigned	-	-	-	-
Total fund balances	<u>2,397,725</u>	<u>1,340,512</u>	<u>7,847,424</u>	<u>9,510,310</u>
Total liabilities and fund balances	<u>\$ 3,104,438</u>	<u>\$ 1,349,007</u>	<u>\$ 8,803,803</u>	<u>\$ 9,614,653</u>

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

	County School Facilities Fund	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Assets				
Deposits and investments	\$ 331	\$ 27,285,358	\$ 530,505	\$ 45,717,612
Receivables	-	-	-	4,171,438
Due from other funds	-	-	-	277,370
Stores inventories	-	-	-	521,675
Total assets	\$ 331	\$ 27,285,358	\$ 530,505	\$ 50,688,095
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 1,335,674
Due to other funds	-	-	-	433,607
Unearned revenue	-	-	-	6,649
Total liabilities	-	-	-	1,775,930
Fund Balances				
Nonspendable	-	-	-	522,545
Restricted	331	27,285,358	530,505	48,389,620
Assigned	-	-	-	-
Total fund balances	331	27,285,358	530,505	48,912,165
Total liabilities and fund balances	\$ 331	\$ 27,285,358	\$ 530,505	\$ 50,688,095

Vista Unified School District

Combining Statement of Revenues, Expenditure, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2022

	Adult Education Fund	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund
Revenues				
Federal sources	\$ 1,402,069	\$ -	\$ 13,652,549	\$ -
Other State sources	8,514,410	-	769,441	-
Other local sources	163,554	2,013,388	168,376	1,844,234
Total revenues	<u>10,080,033</u>	<u>2,013,388</u>	<u>14,590,366</u>	<u>1,844,234</u>
Expenditures				
Current				
Instruction	2,544,938	-	-	-
Instruction-related activities				
School site administration	1,276,346	-	-	-
Pupil services				
Food services	-	-	10,187,912	-
All other pupil services	258,971	-	-	-
Administration				
All other administration	155,278	-	313,216	203,075
Plant services	366,025	-	63,430	-
Ancillary services	-	1,752,289	-	-
Other outgo	5,199,782	-	-	-
Facility acquisition and construction	-	-	-	7,910
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
Total expenditures	<u>9,801,340</u>	<u>1,752,289</u>	<u>10,564,558</u>	<u>210,985</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>278,693</u>	<u>261,099</u>	<u>4,025,808</u>	<u>1,633,249</u>
Other Financing Sources				
Other sources - proceeds from issuance of general obligation bonds	-	-	-	-
Other sources - premium on issuance of general obligation bonds	-	-	-	-
Net Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	278,693	261,099	4,025,808	1,633,249
Fund Balance - Beginning	<u>2,119,032</u>	<u>1,079,413</u>	<u>3,821,616</u>	<u>7,877,061</u>
Fund Balance - Ending	<u>\$ 2,397,725</u>	<u>\$ 1,340,512</u>	<u>\$ 7,847,424</u>	<u>\$ 9,510,310</u>

Vista Unified School District

Combining Statement of Revenues, Expenditure, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2022

	County School Facilities Fund	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Revenues				
Federal sources	\$ -	\$ -	\$ -	\$ 15,054,618
Other State sources	-	124,544	-	9,408,395
Other local sources	(6)	17,256,806	-	21,446,352
Total revenues	(6)	17,381,350	-	45,909,365
Expenditures				
Current				
Instruction	-	-	-	2,544,938
Instruction-related activities				
School site administration	-	-	-	1,276,346
Pupil services				
Food services	-	-	-	10,187,912
All other pupil services	-	-	-	258,971
Administration				
All other administration	-	-	-	671,569
Plant services	-	-	-	429,455
Ancillary services	-	-	-	1,752,289
Other outgo	-	-	-	5,199,782
Facility acquisition and construction	-	-	-	7,910
Debt service				
Principal	-	15,080,000	-	15,080,000
Interest and other	-	4,484,058	9,854	4,493,912
Total expenditures	-	19,564,058	9,854	41,903,084
Excess (Deficiency) of Revenues Over Expenditures	(6)	(2,182,708)	(9,854)	4,006,281
Other Financing Sources				
Other sources - proceeds from issuance of general obligation bonds	-	300,000	-	300,000
Other sources - premium on issuance of general obligation bonds	-	9,235,954	-	9,235,954
Net Financing Sources	-	9,535,954	-	9,535,954
Net Change in Fund Balances	(6)	7,353,246	(9,854)	13,542,235
Fund Balance - Beginning	337	19,932,112	540,359	35,369,930
Fund Balance - Ending	\$ 331	\$ 27,285,358	\$ 530,505	\$ 48,912,165

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the Vista Unified School District (the District) under programs of the federal government for the year ended June 30, 2022. 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 net position or changes in net position and fund balance, or cash flows 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 had food commodities totaling \$66,725 in inventory.

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.

Schedule of Charter Schools

This schedule lists all Charter Schools chartered by the District and displays information for each Charter School on whether or not the Charter School is included in the District audit.

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

These schedules are 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

Vista Unified 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
Vista Unified School District
Vista, 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 Vista Unified School District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated April 21, 2023.

Adoption of New Accounting Standard

As discussed in Notes 1 and 18 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. Accordingly, a restatement has been made to the governmental activities net position and fund balance of the General Fund as of July 1, 2021, to restate beginning net position and fund balance. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify 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 material weakness.

Report on Compliance and Other Matters

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

Vista Unified School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The 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.

We noted certain matters that we reported to management of the District in a separate letter dated April 21, 2023.

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

April 21, 2023



**Independent Auditor’s Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance Required by the Uniform Guidance**

To the Governing Board
Vista Unified School District
Vista, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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

In performing an audit in accordance with 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 the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



Rancho Cucamonga, California

April 21, 2023



Independent Auditor's Report on State Compliance

To the Governing Board
Vista Unified School District
Vista, California

Report on Compliance

Qualified and Unmodified Opinions on State Compliance

We have audited Vista Unified 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.

Qualified Opinion on Attendance and Independent Study

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, 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.

Unmodified Opinion on Each of the Other Programs

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, except as described in the accompanying Schedule of Findings and Questioned Costs.

Basis for Qualified and Unmodified Opinions

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.

Matters Giving Rise to Qualified Opinion on Attendance and Independent Study

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding Attendance and Independent Study as described in finding number 2022-003.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the 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	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	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, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	No, see below
Immunizations	Yes, see below
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
In Person Instruction Grant	Yes

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
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

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 a Before School Education and Safety Program; therefore, we did not perform procedures related to the Before School Education and Safety Program.

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 the remaining procedures.

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 identified during the audit.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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 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 by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-003 to be a material weakness.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



Rancho Cucamonga, California
April 21, 2023



Schedule of Findings and Questioned Costs
June 30, 2022

Vista Unified School District

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
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	Yes
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)	Yes

Identification of major programs

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing Number</u>
Special Education (IDEA) Cluster	84.027, 84.027A, 84.173, 84.173A
Title IV, Part B, 21st Century Community Learning Centers Program	84.287
Title IV, Part B, 21st Century Community Learning Centers (CCLC) - Equitable Access	84.287
Title IV, Part B, 21st Century Community Learning Centers (CCLC) - High School ASSETS	84.287
Title IV, Part B, 21st Century Community Learning Centers (CCLC) - ASSETS Equitable Access	84.287
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Emergency Needs	84.425U
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Learning Loss	84.425U
Dollar threshold used to distinguish between type A and type B programs	\$1,237,245
Auditee qualified as low-risk auditee?	No

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	No
Type of auditor's report issued on compliance for programs	Qualified*

*Unmodified for all programs except for the following
programs which were qualified

Name of Program

Attendance
Independent Study

The following finding represents a material weakness related to the financial statements that are 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 – Internal Control (Material Weakness)

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of the year-end closing entries necessary to ensure the financial statements are fairly stated. The District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

During the course of the engagement, we noted that audit adjustments were required in order to ensure the financial statements were materially stated. The fund balances in the Building Fund, Special Reserve Fund for Capital Outlay Projects, and aggregate remaining governmental funds were overstated as a result of fair market value adjustments to cash in county of \$5,347,427. Upon reviewing the supporting records, we also discovered an error of \$32,844 in the quarterly interest apportionment accrual in the Building Fund. Cash with fiscal agent in the Special Reserve Fund for Capital Outlay Projects was understated by \$41,149,326 as a result of the District not recording the issuance of the 2022 certificates of participation. Lastly, we noted that the Proprietary Funds - Internal Service Fund had misstatements in various account balances as noted on page 86.

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The conditions were identified as a result of our audit of the financial statement balances as of June 30, 2022. During our review of available District records and audit procedures performed related to current year ending balances, the errors noted were identified.

Effect

The effect of the errors noted are summarized on page 86.

Cause

The cause of the misstatement of the fair market value adjustment appears to be due to inadequate review processes related to the preparation of the District's year-end financial statements. As it relates to the cash with fiscal agent in the Special Reserve Fund for Capital Outlay Projects, the District did not record the issuance of the 2022 COP as these transactions are not common or recurring. For the Proprietary Funds – Internal Service Fund, the cause is related to the District not properly accounting for the self-insured activity of the dental program and not adjusting the year-end liability as it relates to workers' compensation premium adjustments to actual payroll. Overall, the District's review of the financial statements and underlying records did not include a detailed review that would assist in identifying the errors noted. The cause of the misstatement of the quarterly interest accrual appears to be a result of lack of review of closing entries prior to the books being closed.

Repeat Finding

Yes, see prior finding 2021-002.

Recommendation

A thorough review of the District's financial statements, including all closing entries should take place before the financial statements are finalized by the District's business department.

Corrective Action Plan and Views of Responsible Officials

Vista Unified School District did not include in its closing entries, the requirements of Governmental Accounting Standards Board (GASB) Statement number 31, e.g., the fair market value adjustments of its cash values, but will be careful to verify materiality and properly record those values in the future. The District is aware of GASB 31 and is committed to include this procedure in its internal checks and balances going forward. The District has made adjusting entries in the Special Reserve Fund for Capital Outlay Projects to record the May 2022 Certificate of Participation (COP).

The following finding represents a significant deficiency and questioned costs that is required to be reported by the Uniform Guidance. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
50000	Federal Compliance

2022-002 50000 – Federal Compliance (Significant Deficiency, Noncompliance)

Federal Program Affected

Federal Agency: U.S. Department of Education
Pass-Through Agency: California Department of Education (CDE)
Assistance Listing Number: 84.425U
Program Name: COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III)
Fund: Learning Loss
Compliance Requirements: A/B (Activities Allowed or Unallowed and Allowable Costs/cost Principles)

Criteria or Specific Requirements

The United States Department of Education has approved a delegation agreement with the California Department of Education (CDE) that authorizes the CDE to establish indirect cost rates for California local education agencies (LEAs). The CDE has been delegated authority to calculate and approve indirect cost rates annually for LEAs. For the Education Stabilization Fund (ESF) Program in fiscal year 2021-2022, *Education Code* Section 38101(c) limits school district indirect costs to the lesser of the District's individual CDE approved indirect cost rate, or the statewide average indirect rate. For ESF programs included under the Expanded Learning Opportunities (ELO) Grant, indirect costs are not allowable.

Condition

The District charged unallowable indirect costs totaling \$10,937 to the ELO Grant portion of the ESF Program.

Questioned Costs

The condition identified above resulted in \$10,937 of questioned costs for unallowable indirect costs charged to the grant funds

Context

The condition was identified through recalculation of all of the indirect costs charged to the federal programs.

Effect

The District has charged unallowable expenditures to the federal program.

Cause

The condition identified appears to be due to the District not being familiar with the indirect cost requirements for each of the ESF federal programs.

Repeat Finding

No.

Recommendation

It is recommended that the District implement a review process for indirect costs, which should include review of relevant grant agreements and relevant federal guidance.

Corrective Action Plan and Views of Responsible Officials

The District is aware of this incorrect charge and has implemented procedures that include verification of the appropriateness of indirect costs charged to restricted programs.

The following finding represents a material weakness, and an instance of noncompliance including questioned costs that are required to be reported by the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
10000	Attendance
40000	State Compliance

2022-003 10000 and 40000 – Attendance and Independent Study (Material Weakness, Noncompliance)

Criteria or Specific Requirements

California *Education Code* Section 51747, states that a local education agency shall not be eligible to receive apportionment for independent study by pupils, unless it has provided each pupil with a written learning agreement that contains all the required elements identified in California *Education Code* Section 51747. In addition, the District must maintain work samples for students who receive attendance credit through independent study to support the teacher’s evaluation of work.

Condition

The District has implemented written learning agreements for each pupil enrolled in the short-term independent study program; however, the learning agreements were missing some of the elements required by California *Education Code* Section 51747. In addition, based on the review of the supporting attendance records and independent study contracts, apportionment was claimed for two students enrolled in the long-term independent study program where work samples were not available to support the attendance earned. As a result, the District has overclaimed ADA on its Second Period Report of Attendance.

Questioned Costs

The questioned costs associated with this condition resulted in a potential decrease of \$1,615,121.33 in Local Control Funding Formula. The estimated penalty was calculated using the CDE’s LCFF Derived Value of ADA by Grade Span. However, there will be no fiscal impact since the District was funded on ADA from 2019-2020. Additionally, California *Education Code* Section 42238.023 authorizes the California Department of Education to adjust the 2021-2022 reported ADA for school districts if the 2019-2020 ADA to enrollment ratio exceeds the 2021-2022 ADA to enrollment ratio. The effect of this regulation nullifies the questioned costs component of the condition identified.

Context

The condition was identified as a result of our audit of the Second Period Report of Attendance, and Independent Study programs as required by the State Audit Guide. Through our review of district records supporting the ADA claimed, we noted the issues discussed above.

Effect

The following table displays the effect of the condition identified by grade span:

Grade Span	Independent Study ADA Disallowed	Derived Value of ADA by Grade Span	Penalty
TK-3	95.80	\$ 10,785.93	\$ 1,033,292.09
4-6	45.47	9,916.78	450,915.99
7-8	1.30	10,210.12	13,273.16
9-12	9.69	12,140.36	117,640.09
140.			
Total	<u>152.22</u>		<u>\$ 1,615,121.33</u>

Cause

It appears that the condition has materialized as a result of the District not including all required elements in their short-term independent study agreements. For the two students who did not have work samples, it appears as though the teacher inadvertently gave credit to the two students for the one-week period right after winter break.

Repeat Finding

No.

Recommendation

The District should review program requirements for independent study and monitor any changes to those requirements throughout the year to ensure compliance.

Corrective Action Plan and Views of Responsible Officials

Vista Unified School District has been made aware of this condition and has its Business Services department working in collaboration with its Educational Services department to ensure that all independent study requirements are met for future years.

In addition, the Business Services department, in conjunction with Students Services Support and Educational Excellence and Innovation departments are meeting with school administrators and corresponding staff to review and retrain on required practices and documents necessary to comply with the independent study protocol.

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 financial statement findings.

Financial Statements Findings

2021-001 30000 – Internal Control

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of all adjusting entries, reclassifying entries, and conversion entries used in the preparation of the District's financial statements. The District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

During the course of the engagement, we identified significant misstatements of the beginning balances presented within the District's Statement of Financial Position and in the Proprietary Funds - Internal Service Fund Statement of Net Position as reported in the 2019-2020 audited financial statements. The misstatements were caused by errors, which have been detailed in Note 18.

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The conditions were identified as a result of our initial audit of the beginning balances as of July 1, 2020. During our review of the available District records and audit procedures performed related to prior period ending balances, the errors detailed in Note 18 were identified.

Effect

The net effect of the errors noted above resulted in an understatement of the District's net position of \$7,389,064 and an overstatement of the District's net position in Proprietary Funds - Internal Service Fund of \$227,560.

Cause

As it relates to the Proprietary Funds - Internal Service Fund, the cause is related to the District not properly accounting for the self-insured activity of the dental program and not adjusting the year-end liability as it relates to workers' compensation premium adjustments to actual payroll. The capital asset error was a result of the District improperly capitalizing proceeds for debt issuance prior to expenditures being incurred. The pension and related deferred inflow and outflows were misstated due to incorrect amortization periods in accordance with GASB 68. Overall, the District's review of the financial statements and underlying records did not include a detailed review that would assist in identifying the errors noted.

Recommendation

The District should ensure that a thorough review of the financial statements and underlying records, including review of capital asset reports, self-insurance activities, pension schedules, and related conversion entries takes place prior to finalizing the financial statements.

Current Status

Implemented.

2021-002 30000 – Internal Control

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement, whether due to error or fraud. Such internal controls should include a review of the year-end closing entries necessary to ensure the financial statements are fairly stated. The District should ensure that all applicable accounting principles are adhered to when preparing the financial statements.

Condition

During the course of the engagement, we noted that audit adjustments were required in order to ensure the financial statements were materially stated. The Student Activity Non-Major Governmental Fund and the Proprietary Funds - Internal Service Fund were affected by the misstatements noted as summarized on page 86.

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

The conditions were identified as a result of our audit of the financial statement balances as of June 30, 2021. During our review of available District records and audit procedures performed related to prior period and current year ending balances, the errors noted were identified.

Effect

The effect of the errors noted are summarized in our report.

Cause

The cause related to the Student Activity Fund was due to the incorrect implementation of GASB 84. As it relates to the Proprietary Funds – Internal Service Fund, the cause is related to the District not properly accounting for the self-insured activity of the dental program and not adjusting the year-end liability as it relates to workers’ compensation premium adjustments to actual payroll. Overall, the District’s review of the financial statements and underlying records did not include a detailed review that would assist in identifying the errors noted.

Recommendation

The District should ensure that a thorough review of the financial statements and underlying records, including review of associated student body activities and self-insurance activities takes place prior to closing the books and preparing the unaudited actuals.

Current Status

Partially implemented, see current year finding 2022-001.

State Compliance Findings

2021-003 40000 - Comprehensive School Safety Plan

Criteria or Specific Requirements

Verify that each school has approved and adopted its comprehensive school safety plan as described in *Education Code* 32282 and reviewed and updated its plan by March 1. If a school did not have a comprehensive school safety plan, verify that the District notified the State Department of Education by October 15.

Condition

In our review of comprehensive school safety plans, we noted that the District reviewed and updated the comprehensive school safety plans; however, one school did not approve the updated comprehensive school safety plan by March 1 as stated in *Education Code* 32282.

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

Comprehensive school safety plans are established in a collaborative effort between School Districts and local first responders. The plans are updated annually and must be approved by March 1 each year. During our review of the current year plans, we noted that not all plans were approved by March 1.

Effect

The District is not in compliance with *Education Code 32282*.

Cause

As a result of the prior year finding, the District adjusted their timelines for adoption. However, for one school site, the District was unable to meet the revised reporting deadline.

Recommendation

The District should continue the efforts of ensuring the reporting deadlines are met for all schools going forward.

Current Status

Implemented.



Management
Vista Unified School District
Vista, California

In planning and performing our audit of the financial statements of Vista Unified School District (the District) for the year ended June 30, 2022, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated April 21, 2023, on the government-wide financial statements of the District.

Associated Student Body (ASB)

Rancho Minerva Middle School

Observations

1. Cash collected by teachers, advisors, clubs, snack bar, or student store is not accounted for properly. Cash collections are not supported by sub-receipts or logs that tie the total to the cash count sheet. All deposits (four) tested did not have sufficient support or a paper trail; therefore, the auditor was unable to confirm if these deposits were intact and deposited in a timely manner.
2. Based on the review of the disbursement procedures, it was noted that four of eight expenditures tested lacked check request forms.

Recommendations

1. Pre-numbered triplicate receipts or logs should be utilized when collecting money for all ASB events and transactions. If utilizing a log, the students name and amount being turned in should be documented. If using a receipt book, the receipts should be issued in sequential order to all individuals turning in monies for ASB events. Teachers and Administrators who collect monies should be equipped with a triplicate receipts book or log sheet. The white copy of the receipt should be issued to the person turning in the monies, the yellow receipt or log sheet should be utilized for deposit back-up, and the pink copy should be retained in the receipt book for audit purposes. When teachers are turning in monies for deposit, a cash count sheet should be turned in with the yellow copy of the receipts and monies to clearly identify the total amount being turned in.
2. All approvals should be clearly documented within ASB minutes or via a check request form, including the date the approval took place, to ensure that proper approval documentation is retained for audit purposes. This will help identify and prevent potential misappropriation of ASB funds.

Observations

1. Based on the review of the cash receiving procedures, it was noted that four of six deposits tested were not deposited in a timely manner. The delay in deposits ranged from approximately 12 to 14 days from the date of receipt. This could result in large cash balances being maintained at the sites which can hinder the safeguarding of ASB assets.
2. Based on the review of the disbursement procedures, it was noted that six of 25 expenditures tested lacked clear documentation for approval or check request forms.
3. Based on the review of the disbursement procedures, it was noted that all transactions (25) reviewed did not have the required three approval signatures signifying that the payment can be made.

Recommendations

1. The ASB should, at a minimum, make their deposits once a week to minimize the amount of cash held at the sites. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure including the maximum cash on hand that should be maintained at the site.
2. All approvals should be clearly documented within ASB minutes or via a check request form, including the date the approval took place, to ensure that proper approval documentation is retained for audit purposes. This will identify and prevent potential misappropriation of ASB funds.
3. In order to ensure proper internal controls over the ASB disbursements, the site should ensure that all disbursements are authorized by three individuals (ASB advisor, student body representative, and an administrator). This would allow the reviewing administrator and/or the student council to determine if the payment being made is appropriate and to determine if sufficient funding is available to finance the payment



Rancho Cucamonga, California
April 21, 2023