

# **LA MESA-SPRING VALLEY SCHOOL DISTRICT**

**AUDIT REPORT  
JUNE 30, 2022**



LA MESA-SPRING VALLEY SCHOOLS

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
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**JUNE 30, 2022**

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## **FINANCIAL SECTION**

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**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**Independent Auditors' Report

Governing Board  
La Mesa-Spring Valley School District  
La Mesa, California

**Report on the Audit of the Financial Statements*****Opinions***

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

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

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the La Mesa-Spring Valley School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 judgement made by a reasonable user of the financial statements.

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

- Exercise professional judgement 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 La Mesa-Spring Valley School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the La Mesa-Spring Valley School District's ability to continue as a going concern for a reasonable period of time.

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

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, budgetary comparison information, schedule of changes in total OPEB liability and related ratios, schedules of proportionate share of net pension liability, and schedules of district contributions for pensions be presented to supplement the basic financial statements. Such information, although not 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 appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the La Mesa-Spring Valley School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is 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 November 28, 2022 on our consideration of the La Mesa-Spring Valley School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the La Mesa-Spring Valley School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering La Mesa-Spring Valley School District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Christy White, Inc." in a cursive script.

San Diego, California  
November 28, 2022

# LA MESA-SPRING VALLEY SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

## INTRODUCTION

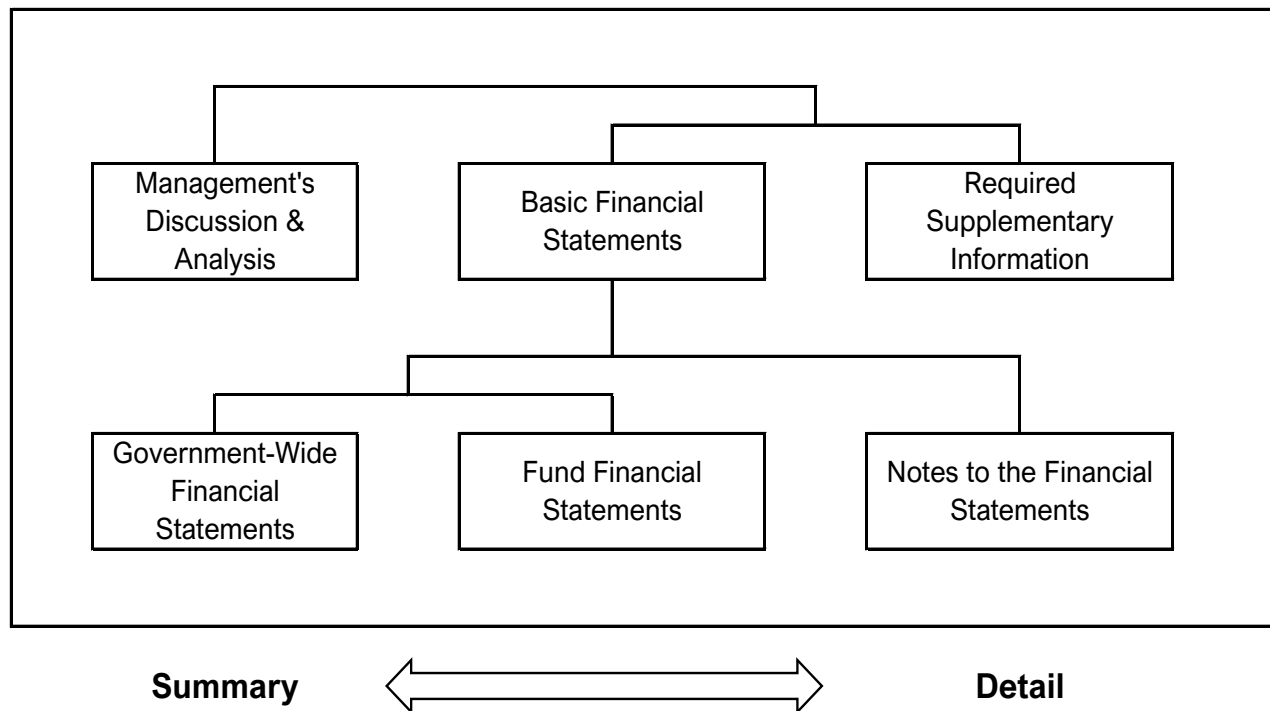
Our discussion and analysis of La Mesa-Spring Valley School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2022. It should be read in conjunction with the District's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

- The District's total net position was \$(80,606,440) at June 30, 2022. This was an increase of \$38,579,229 from the prior year.
- Overall revenues were \$192,931,257 which exceeded expenses of \$154,352,028.

## OVERVIEW OF FINANCIAL STATEMENTS

### Components of the Financial Section





**LA MESA-SPRING VALLEY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

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**OVERVIEW OF FINANCIAL STATEMENTS (continued)**

**Components of the Financial Section (continued)**

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

- ▶ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- ▶ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
  - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.
  - ▶ **Proprietary Funds** report services for which the District charges customers a fee. Like the government-wide statements, they provide both long- and short-term financial information.

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

**Government-Wide Statements**

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

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

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

**LA MESA-SPRING VALLEY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE**

**Net Position**

The District had net position of \$(78,944,702) related to governmental activities and \$(1,661,738) related to business-type activities at June 30, 2022, as shown below:

	Governmental Activities			Business-Type Activities		
	2022	2021	Net Change	2022	2021	Net Change
<b>ASSETS</b>						
Current and other assets	\$ 112,708,706	\$ 53,391,069	\$ 59,317,637	\$ 1,506,308	\$ 94,305	\$ 1,412,003
Capital assets	65,514,140	65,257,890	256,250	-	-	-
<b>Total Assets</b>	<b>178,222,846</b>	<b>118,648,959</b>	<b>59,573,887</b>	<b>1,506,308</b>	<b>94,305</b>	<b>1,412,003</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>34,060,126</b>	<b>41,084,973</b>	<b>(7,024,847)</b>	<b>614,653</b>	<b>686,696</b>	<b>(72,043)</b>
<b>LIABILITIES</b>						
Current liabilities	16,891,590	20,080,573	(3,188,983)	55,101	85,622	(30,521)
Long-term liabilities	201,044,216	250,417,446	(49,373,230)	3,146,540	3,850,088	(703,548)
<b>Total Liabilities</b>	<b>217,935,806</b>	<b>270,498,019</b>	<b>(52,562,213)</b>	<b>3,201,641</b>	<b>3,935,710</b>	<b>(734,069)</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>73,291,868</b>	<b>5,217,314</b>	<b>68,074,554</b>	<b>581,058</b>	<b>49,559</b>	<b>531,499</b>
<b>NET POSITION</b>						
Net investment in capital assets	35,049,785	41,037,115	(5,987,330)	-	-	-
Restricted	20,696,763	11,054,637	9,642,126	-	-	-
Unrestricted	(134,691,250)	(168,073,153)	33,381,903	(1,661,738)	(3,204,268)	1,542,530
<b>Total Net Position</b>	<b>\$ (78,944,702)</b>	<b>\$ (115,981,401)</b>	<b>\$ 37,036,699</b>	<b>\$ (1,661,738)</b>	<b>\$ (3,204,268)</b>	<b>\$ 1,542,530</b>

For governmental activities, unrestricted net position was \$(134,691,250). Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

**LA MESA-SPRING VALLEY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)**

**Changes in Net Position**

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

The District's total revenues relating to governmental activities were \$188,456,368, which is primarily from federal and state aid, categorical programs, and property taxes. Total expenditures relating to governmental activities were \$152,403,707, which is predominately related to educating and caring for students.

The District's business-type activities relate to providing fee-based before and after school programs to students.

	Governmental Activities			Business-Type Activities		
	2022	2021	Net Change	2022	2021	Net Change
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 2,447,310	\$ 1,942,644	\$ 504,666	\$ 4,287,384	\$ 2,345,980	\$ 1,941,404
Operating grants and contributions	59,634,367	45,815,286	13,819,081	9,929	94,261	(84,332)
General revenues						
Property taxes	48,833,662	42,116,618	6,717,044	-	-	-
Unrestricted federal and state aid	77,841,720	72,606,407	5,235,313	-	-	-
Other	(300,691)	1,459,850	(1,760,541)	177,576	69,899	107,677
<b>Total Revenues</b>	<b>188,456,368</b>	<b>163,940,805</b>	<b>24,515,563</b>	<b>4,474,889</b>	<b>2,510,140</b>	<b>1,964,749</b>
<b>EXPENSES</b>						
Instruction	80,965,041	97,374,704	(16,409,663)	-	-	-
Instruction-related services	14,678,442	16,415,616	(1,737,174)	-	-	-
Pupil services	20,637,295	20,478,634	158,661	-	-	-
General administration	8,331,989	9,380,708	(1,048,719)	-	-	-
Plant services	13,777,794	13,650,563	127,231	-	-	-
Ancillary and community services	5,083,731	1,800,707	3,283,024	-	-	-
Debt service	3,881,942	1,957,637	1,924,305	-	-	-
Other outgo	334,674	236,338	98,336	-	-	-
Depreciation	4,636,057	4,633,662	2,395	-	-	-
Other	76,742	59,113	17,629	1,948,321	4,850,941	(2,902,620)
<b>Total Expenses</b>	<b>152,403,707</b>	<b>165,987,682</b>	<b>(13,583,975)</b>	<b>1,948,321</b>	<b>4,850,941</b>	<b>(2,902,620)</b>
Transfers & special items	984,038	(984,038)	1,968,076	(984,038)	984,038	(1,968,076)
<b>Change in net position</b>	<b>37,036,699</b>	<b>(3,030,915)</b>	<b>40,067,614</b>	<b>1,542,530</b>	<b>(1,356,763)</b>	<b>2,899,293</b>
<b>Net Position - Beginning</b>	<b>(115,981,401)</b>	<b>(112,950,486)</b>	<b>(3,030,915)</b>	<b>(3,204,268)</b>	<b>(1,847,505)</b>	<b>(1,356,763)</b>
<b>Net Position - Ending</b>	<b>\$ (78,944,702)</b>	<b>\$ (115,981,401)</b>	<b>\$ 37,036,699</b>	<b>\$ (1,661,738)</b>	<b>\$ (3,204,268)</b>	<b>\$ 1,542,530</b>

**LA MESA-SPRING VALLEY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

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**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)**

**Changes in Net Position (continued)**

In the table below, we have presented the net cost of each of the District's functions. 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.

	<b>Net Cost of Services</b>	
	<b>2022</b>	<b>2021</b>
Instruction	\$ 43,970,772	\$ 65,069,155
Instruction-related services	12,405,765	13,811,859
Pupil services	5,160,065	10,840,320
General administration	7,286,918	8,542,115
Plant services	13,591,091	12,385,067
Ancillary and community services	1,119,712	703,763
Debt service	3,881,942	1,957,637
Transfers to other agencies	(1,752,852)	236,338
Depreciation	4,636,057	4,633,662
Other	22,560	49,836
<b>Total</b>	<b>\$ 90,322,030</b>	<b>\$ 118,229,752</b>

**FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS**

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$101,973,964 which is more than last year's ending fund balance of \$34,469,443. The District's General Fund had \$21,720,544 more in operating revenues than expenditures for the year ended June 30, 2022, and net financing sources of \$984,038 leading to an increase in fund balance of \$22,704,582 from the prior year. The District's Building Fund experienced a net increase in fund balance of \$34,569,019 primarily due to the issuance of \$48,000,000 in 2020 Series A general obligation bonds. In addition, the District's Bond Interest and Redemption Fund experienced a net increase in fund balance of \$8,184,331 primarily due to receipt of the premium on the issuance of the 2020 Series A general obligation bonds.

**CURRENT YEAR BUDGET 2021-2022**

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

**LA MESA-SPRING VALLEY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

**CAPITAL ASSETS AND LONG-TERM LIABILITIES**

**Capital Assets**

By the end of 2021-2022, the District had invested \$65,514,140 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2022	2021	Net Change
<b>CAPITAL ASSETS</b>			
Land	\$ 16,068,467	\$ 16,068,467	\$ -
Construction in progress	1,881,283	-	1,881,283
Land improvements	9,339,982	9,101,760	238,222
Buildings & improvements	111,464,957	111,390,727	74,230
Furniture & equipment	18,241,605	15,543,033	2,698,572
Accumulated depreciation	(91,482,154)	(86,846,097)	(4,636,057)
<b>Total Capital Assets</b>	<b>\$ 65,514,140</b>	<b>\$ 65,257,890</b>	<b>\$ 256,250</b>

**Long-Term Liabilities**

At year-end, the District had a total of \$204,190,756 in long-term liabilities, as shown below. This represents a total decrease of 19.69% from the prior year. More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.

	Governmental Activities			Business-Type Activities		
	2022	2021	Net Change	2022	2021	Net Change
<b>LONG-TERM LIABILITIES</b>						
Total general obligation bonds	\$ 81,265,010	\$ 30,378,845	\$ 50,886,165	\$ -	\$ -	\$ -
Total certificates of participation	-	10,017,724	(10,017,724)	-	-	-
Finance purchase agreements	73,130	440,952	(367,822)	-	-	-
JPA liability	-	586,112	(586,112)	-	-	-
Compensated absences	1,210,831	1,338,507	(127,676)	-	-	-
Total OPEB liability	42,886,638	52,410,461	(9,523,823)	-	-	-
Net pension liability	83,863,706	159,319,148	(75,455,442)	3,146,540	3,850,088	(703,548)
Less: current portion of long-term liabilities	(8,255,099)	(4,074,303)	(4,180,796)	-	-	-
<b>Total Long-term Liabilities</b>	<b>\$ 201,044,216</b>	<b>\$ 250,417,446</b>	<b>\$ (49,373,230)</b>	<b>\$ 3,146,540</b>	<b>\$ 3,850,088</b>	<b>\$ (703,548)</b>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health.

In its September 2022 quarterly report, the UCLA Anderson Forecast stated the U.S. economy was likely to muddle along with below-trend growth and continued high inflation over the next twelve months. No recession is forecast at this time; however, the possibility still exists that persistent inflation and aggressive interest rate policy will lead to a hard landing of the economy, potentially triggering a recession. In California, defense spending and technology demands will likely keep the economy growing.

**LA MESA-SPRING VALLEY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2022**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)**

Fiscal policy for the funding of public education changes annually based on fluctuations in State revenues. The May 2022 Budget Revision includes total funding of \$128.3 billion (\$78.4 billion General Fund and \$49.9 billion other funds) for all K-12 education programs, additionally, the revised spending plan further accelerates the implementation of the "California for All Kids" plan, which is a whole-child support framework designed to target inequities in educational outcomes among students from different demographic backgrounds and empower parents and families with more options and services. The Proposition 98 Guarantee continues to be in Test 1 for 2021-22 and 2022-23. To accommodate enrollment increases related to the expansion of transitional kindergarten, the Governor's Budget proposed re-benching the Test 1 percentage to increase the percentage of General Fund revenues due to the Guarantee, from 38.03 percent to approximately 38.4 percent. The May Revision updates the increased Test 1 percentage from approximately 38.4 percent to approximately 38.3 percent. At May Revision, the 2022-23 cost-of-living adjustment (COLA) is updated to 6.56 percent, the largest COLA in the history of LCFF.

The District participates in state employee pensions plans, California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) and both are underfunded. 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. The CalSTRS projected employer contribution rate for 2022-23 is 19.10 percent. The CalPERS projected employer contribution rate for 2022-23 is 25.37 percent. The projected increased pension costs to school employers remain a significant fiscal factor.

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

All of these factors were considered in preparing the District's budget for the 2022-23 fiscal year.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Business Office, La Mesa-Spring Valley School District, 4750 Date Avenue; La Mesa, CA 91942.

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 94,798,969	\$ 1,308,084	\$ 96,107,053
Accounts receivable	14,926,102	10,913	14,937,015
Internal balances	(187,311)	187,311	-
Inventory	289,862	-	289,862
Note receivable	2,881,084	-	2,881,084
Capital assets, not depreciated	17,949,750	-	17,949,750
Capital assets, net of accumulated depreciation	47,564,390	-	47,564,390
<b>Total Assets</b>	<b>178,222,846</b>	<b>1,506,308</b>	<b>179,729,154</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	25,817,514	614,653	26,432,167
Deferred outflows related to OPEB	8,242,612	-	8,242,612
<b>Total Deferred Outflows of Resources</b>	<b>34,060,126</b>	<b>614,653</b>	<b>34,674,779</b>
<b>LIABILITIES</b>			
Accrued liabilities	8,294,447	55,101	8,349,548
Unearned revenue	342,044	-	342,044
Long-term liabilities, current portion	8,255,099	-	8,255,099
Long-term liabilities, non-current portion	201,044,216	3,146,540	204,190,756
<b>Total Liabilities</b>	<b>217,935,806</b>	<b>3,201,641</b>	<b>221,137,447</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	60,816,415	581,058	61,397,473
Deferred inflows related to OPEB	12,475,453	-	12,475,453
<b>Total Deferred Inflows of Resources</b>	<b>73,291,868</b>	<b>581,058</b>	<b>73,872,926</b>
<b>NET POSITION</b>			
Net investment in capital assets	35,049,785	-	35,049,785
Restricted:			
Capital projects	2,983,167	-	2,983,167
Debt service	11,744,016	-	11,744,016
Educational programs	3,653,842	-	3,653,842
Food service	2,206,565	-	2,206,565
Associated student body	109,173	-	109,173
Unrestricted	(134,691,250)	(1,661,738)	(136,352,988)
<b>Total Net Position</b>	<b>\$ (78,944,702)</b>	<b>\$ (1,661,738)</b>	<b>\$ (80,606,440)</b>

The accompanying notes are an integral part of these financial statements.

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Function/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES</b>						
Instruction	\$ 80,965,041	\$ 352,449	\$ 36,641,820	\$ (43,970,772)		
Instruction-related services						
Instructional supervision and administration	2,394,156	-	1,096,121	(1,298,035)		
Instructional library, media, and technology	4,278,973	-	637,531	(3,641,442)		
School site administration	8,005,313	-	539,025	(7,466,288)		
Pupil services						
Home-to-school transportation	3,596,978	-	2,615,898	(981,080)		
Food services	6,553,830	23,805	7,844,095	1,314,070		
All other pupil services	10,486,487	7,412	4,986,020	(5,493,055)		
General administration						
Centralized data processing	1,026,322	-	-	(1,026,322)		
All other general administration	7,305,667	18,176	1,026,895	(6,260,596)		
Plant services	13,777,794	37,514	149,189	(13,591,091)		
Ancillary services	510,432	-	285,718	(224,714)		
Community services	4,573,299	216,838	3,461,463	(894,998)		
Enterprise activities	76,742	-	54,182	(22,560)		
Interest on long-term debt	3,881,942	-	-	(3,881,942)		
Other outgo	334,674	1,791,116	296,410	1,752,852		
Depreciation (unallocated)	4,636,057	-	-	(4,636,057)		
<b>Total Governmental Activities</b>	<b>\$ 152,403,707</b>	<b>\$ 2,447,310</b>	<b>\$ 59,634,367</b>	<b>(90,322,030)</b>		
<b>BUSINESS-TYPE ACTIVITIES</b>						
Enterprise activities	1,948,321	4,498,100	2,354		\$ 2,552,133	
<b>Total Business-Type Activities</b>	<b>1,948,321</b>	<b>4,498,100</b>	<b>2,354</b>		<b>2,552,133</b>	
<b>Total School District</b>	<b>\$ 154,352,028</b>	<b>\$ 6,945,410</b>	<b>\$ 59,636,721</b>			<b>\$ (87,769,897)</b>
General revenues						
Taxes and subventions						
Property taxes, levied for general purposes				40,609,338	-	40,609,338
Property taxes, levied for debt service				8,170,827	-	8,170,827
Property taxes, levied for other specific purposes				53,497	-	53,497
Federal and state aid not restricted for specific purposes				77,841,720	-	77,841,720
Interest and investment earnings				(2,024,057)	(25,565)	(2,049,622)
Interagency revenues				311,611	-	311,611
Miscellaneous				1,411,755	-	1,411,755
<b>Subtotal, General Revenue</b>				<b>126,374,691</b>	<b>(25,565)</b>	<b>126,349,126</b>
Change in net position before transfers & special items				36,052,661	2,526,568	38,579,229
Internal transfers				984,038	(984,038)	-
<b>Total Transfers &amp; Special Items</b>				<b>984,038</b>	<b>(984,038)</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>				<b>37,036,699</b>	<b>1,542,530</b>	<b>38,579,229</b>
<b>Net Position - Beginning</b>				<b>(115,981,401)</b>	<b>(3,204,268)</b>	<b>(119,185,669)</b>
<b>Net Position - Ending</b>				<b>\$ (78,944,702)</b>	<b>\$ (1,661,738)</b>	<b>\$ (80,606,440)</b>

The accompanying notes are an integral part of these financial statements.



**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**JUNE 30, 2022**

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 43,076,872	\$ 34,619,194	\$ 12,526,849	\$ 4,576,054	\$ 94,798,969
Accounts receivable	13,302,687	81,573	-	1,541,842	14,926,102
Due from other funds	1,298,267	49	-	48,305	1,346,621
Stores inventory	161,972	-	-	127,890	289,862
<b>Total Assets</b>	<b>\$ 57,839,798</b>	<b>\$ 34,700,816</b>	<b>\$ 12,526,849</b>	<b>\$ 6,294,091</b>	<b>\$ 111,361,554</b>
<b>LIABILITIES</b>					
Accrued liabilities	\$ 7,310,183	\$ 98,539	\$ -	\$ 102,892	\$ 7,511,614
Due to other funds	1,186,178	33,258	-	314,496	1,533,932
Unearned revenue	25,515	-	-	316,529	342,044
<b>Total Liabilities</b>	<b>8,521,876</b>	<b>131,797</b>	<b>-</b>	<b>733,917</b>	<b>9,387,590</b>
<b>FUND BALANCES</b>					
Nonspendable	205,622	-	-	127,890	333,512
Restricted	3,520,463	34,569,019	12,526,849	5,432,284	56,048,615
Committed	39,587,310	-	-	-	39,587,310
Unassigned	6,004,527	-	-	-	6,004,527
<b>Total Fund Balances</b>	<b>49,317,922</b>	<b>34,569,019</b>	<b>12,526,849</b>	<b>5,560,174</b>	<b>101,973,964</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 57,839,798</b>	<b>\$ 34,700,816</b>	<b>\$ 12,526,849</b>	<b>\$ 6,294,091</b>	<b>\$ 111,361,554</b>

The accompanying notes are an integral part of these financial statements.

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET**  
**POSITION**  
**JUNE 30, 2022**

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**Total Fund Balance - Governmental Funds** \$ 101,973,964

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

**Capital assets:**

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets, lease assets, accumulated depreciation and accumulated amortization:

Capital assets	\$ 156,996,294	
Accumulated depreciation	<u>(91,482,154)</u>	65,514,140

**Unmatured interest on long-term debt:**

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatrued interest owing at the end of the period was:

(782,833)

**Note receivable:**

In governmental funds, receivables are recognized only to the extent that they are "available", meaning it will be collected in one year. In the government-wide statements, long-term receivables are recognized. The amount of receivables that were not recognized in governmental funds, but are recognized in the government-wide statements, is:

2,881,084

**Long-term liabilities:**

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Total general obligation bonds	\$ 81,265,010	
Finance purchase agreements	73,130	
Compensated absences	1,210,831	
Total OPEB liability	42,886,638	
Net pension liability	<u>83,863,706</u>	(209,299,315)

*(continued on the following page)*

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET**  
**POSITION, continued**  
**JUNE 30, 2022**

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Deferred outflows and inflows of resources relating to pensions:

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources related to pensions	\$ 25,817,514	
Deferred inflows of resources related to pensions	<u>(60,816,415)</u>	(34,998,901)

Deferred outflows and inflows of resources relating to OPEB:

In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.

Deferred outflows of resources related to OPEB	\$ 8,242,612	
Deferred inflows of resources related to OPEB	<u>(12,475,453)</u>	(4,232,841)

<b>Total Net Position - Governmental Activities</b>		<u>\$ (78,944,702)</u>
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**LA MESA-SPRING VALLEY SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
LCFF sources	\$ 116,292,371	\$ -	\$ -	\$ -	\$ 116,292,371
Federal sources	32,624,372	-	-	7,641,822	40,266,194
Other state sources	23,967,924	-	70,015	1,262,196	25,300,135
Other local sources	9,964,383	(641,680)	7,827,949	1,184,350	18,335,002
<b>Total Revenues</b>	<b>182,849,050</b>	<b>(641,680)</b>	<b>7,897,964</b>	<b>10,088,368</b>	<b>200,193,702</b>
<b>EXPENDITURES</b>					
Current					
Instruction	96,392,531	-	-	518,429	96,910,960
Instruction-related services					
Instructional supervision and administration	2,720,079	-	-	185,734	2,905,813
Instructional library, media, and technology	4,483,098	-	-	-	4,483,098
School site administration	9,189,892	-	-	152,553	9,342,445
Pupil services					
Home-to-school transportation	6,381,896	-	-	-	6,381,896
Food services	46,163	-	-	6,713,014	6,759,177
All other pupil services	12,780,792	-	-	-	12,780,792
General administration					
Centralized data processing	1,047,817	-	-	-	1,047,817
All other general administration	8,232,047	-	-	301,168	8,533,215
Plant services	13,985,931	218,731	-	3,407	14,208,069
Facilities acquisition and construction	161,719	2,032,014	-	-	2,193,733
Ancillary services	361,703	-	-	167,474	529,177
Community services	4,715,291	-	-	-	4,715,291
Enterprise activities	79,156	-	-	-	79,156
Transfers to other agencies	40,201	-	-	-	40,201
Debt service					
Principal	367,822	10,017,724	3,366,472	-	13,752,018
Interest and other	142,368	520,832	2,789,028	-	3,452,228
<b>Total Expenditures</b>	<b>161,128,506</b>	<b>12,789,301</b>	<b>6,155,500</b>	<b>8,041,779</b>	<b>188,115,086</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>21,720,544</b>	<b>(13,430,981)</b>	<b>1,742,464</b>	<b>2,046,589</b>	<b>12,078,616</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	984,038	-	-	-	984,038
Other sources	-	48,000,000	6,441,867	-	54,441,867
<b>Net Financing Sources (Uses)</b>	<b>984,038</b>	<b>48,000,000</b>	<b>6,441,867</b>	<b>-</b>	<b>55,425,905</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>22,704,582</b>	<b>34,569,019</b>	<b>8,184,331</b>	<b>2,046,589</b>	<b>67,504,521</b>
<b>Fund Balance - Beginning</b>	<b>26,613,340</b>	<b>-</b>	<b>4,342,518</b>	<b>3,513,585</b>	<b>34,469,443</b>
<b>Fund Balance - Ending</b>	<b>\$ 49,317,922</b>	<b>\$ 34,569,019</b>	<b>\$ 12,526,849</b>	<b>\$ 5,560,174</b>	<b>\$ 101,973,964</b>

The accompanying notes are an integral part of these financial statements.

**LA MESA-SPRING VALLEY SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

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**Net Change in Fund Balances - Governmental Funds** \$ 67,504,521

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

**Capital outlay:**

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay:	\$	4,892,307	
Depreciation expense:		(4,636,057)	256,250

**Debt service:**

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

14,338,130

**Debt proceeds:**

In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were:

(54,441,867)

**Deferred amounts on refunding:**

In governmental funds, deferred amounts on refunding are recognized in the period they are incurred. In the government-wide statements, the deferred amounts on refunding are amortized over the life of the debt. The net effect of the deferred amounts on refunding during the period was:

(146,717)

**Note receivable payments:**

In governmental funds, payments received for the long-term note receivable are recorded as revenues. In the government-wide statements, the principal portion of payments received for the long-term note receivable are recorded as a reduction of the note. The principal payments received during the period were:

(50,405)

**Unmatured interest on long-term debt:**

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:

(766,700)

*(continued on the following page)*

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, continued**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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Accreted interest on long-term debt:

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period.

165,263

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:

127,676

Postemployment benefits other than pensions (OPEB):

In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:

(1,406,402)

Pensions:

In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was:

11,432,983

Amortization of debt issuance premium or discount:

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is:

23,967

**Change in Net Position of Governmental Activities**

**\$ 37,036,699**

LA MESA-SPRING VALLEY SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2022

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	Business-Type Activities Child Care Enterprise Fund
<b>ASSETS</b>	
Current assets	
Cash and investments	\$ 1,308,084
Accounts receivable	10,913
Due from other funds	1,160,793
Total current assets	2,479,790
<b>Total Assets</b>	<b>2,479,790</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	614,653
<b>Total Deferred Outflows of Resources</b>	<b>614,653</b>
<b>LIABILITIES</b>	
Current liabilities	
Accrued liabilities	55,101
Due to other funds	973,482
Total current liabilities	1,028,583
Non-current liabilities	
Net pension liability	3,146,540
Total non-current liabilities	3,146,540
<b>Total Liabilities</b>	<b>4,175,123</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	581,058
<b>Total Deferred Inflows of Resources</b>	<b>581,058</b>
<b>NET POSITION</b>	
Unrestricted	(1,661,738)
<b>Total Net Position</b>	<b>\$ (1,661,738)</b>

The accompanying notes are an integral part of these financial statements.

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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	<b>Business-Type Activities</b>
	<b>Child Care</b>
	<b>Enterprise Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 4,498,100
Other local revenues	2,354
<b>Total operating revenues</b>	<u>4,500,454</u>
<b>OPERATING EXPENSES</b>	
Salaries and benefits	1,347,638
Supplies and materials	16,681
Professional services	584,002
<b>Total operating expenses</b>	<u>1,948,321</u>
<b>Operating income/(loss)</b>	<u>2,552,133</u>
<b>NON-OPERATING REVENUES/(EXPENSES)</b>	
Interest income	(25,565)
Transfers out	(984,038)
<b>Total non-operating revenues/(expenses)</b>	<u>(1,009,603)</u>
<b>CHANGE IN NET POSITION</b>	1,542,530
<b>Net Position - Beginning</b>	(3,204,268)
<b>Net Position - Ending</b>	<u>\$ (1,661,738)</u>

The accompanying notes are an integral part of these financial statements.



**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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	<b>Business-Type Activities</b>
	<b>Child Care</b>
	<b>Enterprise Fund</b>
<b>Cash flows from operating activities</b>	
Cash received from user charges	\$ 4,498,100
Cash received (paid) from assessments made to (from) other funds	(517,740)
Cash payments for payroll, insurance, and operating costs	(1,830,174)
Net cash provided by (used for) operating activities	2,150,186
<b>Cash flows from non-capital financing activities</b>	
Interfund transfers in (out)	(984,038)
Net cash provided by (used for) non-capital financing activities	(984,038)
<b>Cash flows from investing activities</b>	
Interest received	(25,565)
Net cash provided by (used for) investing activities	(25,565)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,140,583</b>
 <b>CASH AND CASH EQUIVALENTS</b>	
Beginning of year	167,501
End of year	\$ 1,308,084
 <b>Reconciliation of operating income (loss) to cash provided by (used for) operating activities</b>	
Operating income/(loss)	\$ 2,552,133
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Changes in assets and liabilities:	
(Increase) decrease in accounts receivables	(9,853)
(Increase) decrease in due from other funds	(510,241)
(Increase) decrease in deferred outflows related to pensions	72,043
Increase (decrease) in accrued liabilities	(30,521)
Increase (decrease) in due to other funds	248,674
Increase (decrease) in net pension liability	(703,548)
Increase (decrease) in deferred inflows related to pensions	531,499
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 2,150,186</b>

The accompanying notes are an integral part of these financial statements.

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

The La Mesa-Spring Valley School District (the “District”) accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

The District operates under a locally elected Board form of government and provides educational services to grades K-8 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of elected officials who, together, constitute the Board of Education.

**B. Component Units**

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no such component units.

The La Mesa-Spring Valley Educational Foundation is a nonprofit organization that supports the La Mesa Spring Valley School District. It was established in 1983 by a group of citizens. The foundation provides a formalized avenue for raising funds to directly support public education in the La Mesa-Spring Valley School District. The La Mesa-Spring Valley Educational Foundation is not a component unit of the La Mesa-Spring Valley School District as it does not meet the criteria noted above.

**C. Basis of Presentation**

**Government-Wide Statements.** The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

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

LA MESA-SPRING VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

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

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

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 District, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting.

**Major Governmental Funds**

**General Fund:** The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

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

**Bond Interest and Redemption Fund:** This fund is used for the repayment of bonds issued for the District (*Education Code Sections 15125–15262*). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

LA MESA-SPRING VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds

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

**Student Activity Fund:** This fund may be used to account for student body activities that do not meet the fiduciary criteria established in GASB Statement No. 84.

**Child Development Fund:** This fund is used to account separately for federal, state, and local revenues to operate child development programs. All moneys received by the District for, or from the operation of, child development services covered under the Child Care and Development Services Act (*Education Code Section 8200 et seq.*) shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services shall be paid from this fund, with accounting to reflect specific funding sources (*Education Code Section 8328*).

**Cafeteria Fund:** This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code Sections 38090–38093*). The Cafeteria Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code Sections 38091 and 38100*).

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

**Capital Facilities Fund:** This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections 17620–17626*). The authority for these levies may be county/city ordinances (*Government Code Sections 65970–65981*) or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section 66006*).

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

Proprietary Funds

**Enterprise Funds:** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.

**Child Care Enterprise Fund:** The District maintains the childcare before and after school (parent paid) program in the Child Care Enterprise Fund.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Basis of Accounting – Measurement Focus**

**Government-Wide and Proprietary Fund Financial Statements**

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its 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 results from special revenue funds and the restrictions on their use.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

**Governmental Funds**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use the modified accrual basis of accounting.

**Revenues – Exchange and Non-Exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under 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 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. Generally, "available" means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursements grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Basis of Accounting – Measurement Focus (continued)**

**Unearned Revenue**

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

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

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

**Cash and Cash Equivalents**

The District's cash and cash equivalents consist of 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.

**Inventories**

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

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)**

**Capital Assets**

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

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined in GASB Statement No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following estimated useful lives:

<b><u>Asset Class</u></b>	<b><u>Estimated Useful Life</u></b>
Buildings and Improvements	25-50 years
Furniture and Equipment	15-20 years
Vehicles	8 years

**Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds." These amounts are eliminated in the governmental activities columns of the statement of net position.

**Compensated Absences**

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

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

**Accrued Liabilities and Long-Term Obligations**

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

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)**

**Postemployment Benefits Other Than Pensions (OPEB)**

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

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

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

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

**Premiums and Discounts**

In the government-wide and proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

**Deferred Outflows/Deferred Inflows of Resources**

In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans (the Plans) of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.



LA MESA-SPRING VALLEY SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2022

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, lease receivables (net of related deferred inflows), prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

*Restricted* - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

*Committed* - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

*Assigned* - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body, and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

*Unassigned* - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Interfund Activity**

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

**G. 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.

**H. Budgetary Data**

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. 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.

**I. Property Tax**

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

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. New Accounting Pronouncements**

**GASB Statement No. 87** – In June 2017, GASB issued Statement No. 87, *Leases*. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after June 15, 2021. The District has implemented this Statement as of June 30, 2022.

**GASB Statement No. 91** – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. This standard's primary objectives are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2021. The District has not yet determined the impact on the financial statements.

**GASB Statement No. 92** – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. This standard's primary objectives 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. A portion of this statement was effective upon issuance, while the majority of this statement was postponed by GASB Statement No. 95 and is effective for periods beginning after June 15, 2021. The District has fully implemented this Statement as of June 30, 2022.

**GASB Statement No. 96** – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. This statement defines a SBITA; establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The statement is effective for periods beginning after June 15, 2022. The District has not yet determined the impact on the financial statements.

**GASB Statement No. 97** – In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. This standard's primary objectives are to increase consistency and comparability related to reporting fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; to mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and to enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The statement is effective for periods beginning after June 15, 2021. The District has implemented this Statement as of June 30, 2022.

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. New Accounting Pronouncements (continued)**

**GASB Statement No. 99** – In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The statement addresses various practice issues, including: (a) clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (b) disclosures related to nonmonetary transactions; clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements, (c) terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and (d) terminology used in Statement 53 to refer to resource flows statements. A portion of this statement was effective upon issuance, while the remaining portions of this statement were effective for periods beginning after June 15, 2022 and for periods beginning after June 15, 2023. The District has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

**GASB Statement No. 100** – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023. The District has not yet determined the impact on the financial statements.

**GASB Statement No. 101** – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The District has not yet determined the impact on the financial statements.

**NOTE 2 – CASH AND INVESTMENTS**

**A. Summary of Cash and Investments**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Investment in county treasury	\$ 97,155,567	\$ 1,341,223
Fair market value adjustment	(2,400,548)	(33,139)
Cash on hand and in banks	300	-
Cash with fiscal agent	43,650	-
<b>Total</b>	<b>\$ 94,798,969</b>	<b>\$ 1,308,084</b>

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 2 – CASH AND INVESTMENTS (continued)**

**B. 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; collateralized mortgage obligations; and the County Investment Pool.

**Investment in County Treasury** – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The San Diego County Treasurer's pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County's investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District's investment in the pool is 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.

**C. General Authorizations**

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
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

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 2 – CASH AND INVESTMENTS (continued)**

**D. 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 investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$96,063,103. The average weighted maturity for this pool is 551 days.

**E. 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 investments in the County Treasury are not required to be rated. As of June 30, 2022, the pooled investments in the County Treasury were rated AA+/S1 by Fitch Ratings.

**F. Custodial Credit Risk – Deposits**

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

**G. Fair Value**

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy 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 (unadjusted) in active markets for identical assets.

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, either directly or indirectly.

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 reasonable 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.

Uncategorized - Investments in the San Diego County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 2 – CASH AND INVESTMENTS (continued)**

**G. Fair Value (continued)**

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

	<b>Uncategorized</b>
Investment in county treasury	\$ 96,063,103
<b>Total</b>	<b>\$ 96,063,103</b>

**NOTE 3 – RECEIVABLES**

**A. Accounts Receivable**

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

	<b>General Fund</b>	<b>Building Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Federal Government					
Categorical aid	\$ 8,375,198	\$ -	\$ 1,368,649	\$ 9,743,847	\$ -
State Government					
Apportionment	167,509	-	-	167,509	-
Categorical aid	3,872,111	-	77,826	3,949,937	-
Lottery	262,268	-	-	262,268	-
Local Government					
Other local sources	625,601	81,573	95,367	802,541	10,913
<b>Total</b>	<b>\$ 13,302,687</b>	<b>\$ 81,573</b>	<b>\$ 1,541,842</b>	<b>\$ 14,926,102</b>	<b>\$ 10,913</b>

**B. Note Receivable**

The District had a note receivable outstanding at June 30, 2022 in the amount of \$2,881,084 related to the sale of the Spring Valley Elementary site to San Diego Youth Services. At June 30, 2022, the principal balance expected to be collected in less than a year was \$52,588 and the non-current portion of the note receivable was \$2,828,496.

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

**NOTE 4 – CAPITAL ASSETS**

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

	Balance July 01, 2021	Additions	Deletions	Balance June 30, 2022
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 16,068,467	\$ -	\$ -	\$ 16,068,467
Construction in progress	-	1,881,283	-	1,881,283
Total capital assets not being depreciated	16,068,467	1,881,283	-	17,949,750
Capital assets being depreciated				
Land improvements	9,101,760	238,222	-	9,339,982
Buildings & improvements	111,390,727	74,230	-	111,464,957
Furniture & equipment	15,543,033	2,698,572	-	18,241,605
Total capital assets being depreciated	136,035,520	3,011,024	-	139,046,544
Less accumulated depreciation				
Land improvements	4,751,696	356,289	-	5,107,985
Buildings & improvements	70,314,143	3,442,148	-	73,756,291
Furniture & equipment	11,780,258	837,620	-	12,617,878
Total accumulated depreciation	86,846,097	4,636,057	-	91,482,154
<b>Governmental Activities</b>				
<b>Capital Assets, net</b>	\$ 65,257,890	\$ 256,250	\$ -	\$ 65,514,140

**NOTE 5 – INTERFUND TRANSACTIONS**

**A. Interfund Receivables/Payables (Due From/Due To)**

Individual interfund receivable and payable balances at June 30, 2022 were as follows:

Due To Other Funds	Due From Other Funds				Total
	General Fund	Building Fund	Non-Major Governmental Funds	Child Care Enterprise Fund	
General Fund	\$ -	\$ 49	\$ 25,336	\$ 1,160,793	\$ 1,186,178
Building Fund	10,289	-	22,969	-	33,258
Non-Major Governmental Funds	314,496	-	-	-	314,496
Child Care Enterprise Fund	973,482	-	-	-	973,482
<b>Total</b>	<b>\$ 1,298,267</b>	<b>\$ 49</b>	<b>\$ 48,305</b>	<b>\$ 1,160,793</b>	<b>\$ 2,507,414</b>

Due from the Student Activity Fund to the General Fund for field trips and other costs.	\$ 4,644
Due from the Child Development Fund to the General Fund for OPEB contribution and indirect costs.	11,065
Due from the Cafeteria Fund to the General Fund for OPEB contribution and indirect costs.	278,171
Due from the Building Fund to the General Fund for OPEB contribution and payroll expenditures.	10,289
Due from the Capital Facilities Fund to the General Fund for 3% administrative fee.	20,616
Due from the Child Care Enterprise Fund to the General Fund for OPEB contribution and to pay back contribution.	973,482
Due from the General Fund to the Student Activity Fund to correct previous entry.	36
Due from the General Fund to the Child Development Fund to move suspense entry.	12,580
Due from the General Fund to the Cafeteria Fund for catering costs.	12,720
Due from the Building Fund to the Cafeteria Fund for payroll expenditures.	22,969
Due from the General Fund to the Building Fund for miscellaneous costs.	49
Due from the General Fund to the Child Care Enterprise Fund reimbursement of program costs.	1,160,793
<b>Total</b>	<b>\$ 2,507,414</b>

**B. Interfund Transfers**

During the year ended June 30, 2022, the Child Care Enterprise Fund transferred \$984,038 to the General Fund to repay a prior year contribution.



**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 6 – ACCRUED LIABILITIES**

Accrued liabilities at June 30, 2022 consisted of the following:

	<b>General Fund</b>	<b>Building Fund</b>	<b>Non-Major Governmental Funds</b>	<b>District-Wide</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Payroll	\$ 3,000,229	\$ 3,737	\$ 74,050	\$ -	\$ 3,078,016	\$ 52,781
Construction	-	94,802	2,270	-	97,072	-
Vendors payable	3,750,063	-	26,572	-	3,776,635	2,320
Due to grantor government	282,751	-	-	-	282,751	-
Other liabilities	277,140	-	-	-	277,140	-
Unmatured interest	-	-	-	782,833	782,833	-
<b>Total</b>	<b>\$ 7,310,183</b>	<b>\$ 98,539</b>	<b>\$ 102,892</b>	<b>\$ 782,833</b>	<b>\$ 8,294,447</b>	<b>\$ 55,101</b>

**NOTE 7 – UNEARNED REVENUE**

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

	<b>General Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Governmental Activities</b>
Federal sources	\$ 25,515	\$ -	\$ 25,515
State categorical sources	-	246,678	246,678
Local sources	-	69,851	69,851
<b>Total</b>	<b>\$ 25,515</b>	<b>\$ 316,529</b>	<b>\$ 342,044</b>

**NOTE 8 – TAX AND REVENUE ANTICIPATION NOTES (TRAN)**

**Series 2020 B-2 TRAN**

In March 2021, the District issued \$12,000,000 of Tax Revenue Anticipation Notes bearing interest at 0.25 percent. The notes were issued to supplement cash flows. The notes were scheduled to be repaid with pledged amounts from July 2021 through November 2021. As of June 30, 2022, the District had repaid the notes in full.

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

**NOTE 9 – LONG-TERM LIABILITIES**

A schedule of changes in long-term liabilities for the year ended June 30, 2022 consisted of the following:

	Balance July 01, 2021	Additions	Deductions	Balance June 30, 2022	Balance Due In One Year
<b>Governmental Activities</b>					
General obligation bonds	\$ 13,884,849	\$ 48,000,000	\$ 3,366,472	\$ 58,518,377	\$ 5,561,767
Unamortized premium	23,967	6,441,867	23,967	6,441,867	214,729
Accreted interest	16,470,029	1,483,265	1,648,528	16,304,766	2,413,233
Total general obligation bonds	30,378,845	55,925,132	5,038,967	81,265,010	8,189,729
Direct placement certificates of participation	10,017,724	-	10,017,724	-	-
Finance purchase agreements	440,952	-	367,822	73,130	65,370
JPA liability	586,112	-	586,112	-	-
Compensated absences	1,338,507	-	127,676	1,210,831	-
Total OPEB liability	52,410,461	-	9,523,823	42,886,638	-
Net pension liability	159,319,148	-	75,455,442	83,863,706	-
<b>Total</b>	<b>\$ 254,491,749</b>	<b>\$ 55,925,132</b>	<b>\$ 101,117,566</b>	<b>\$ 209,299,315</b>	<b>\$ 8,255,099</b>
<b>Business-Type Activities</b>					
Net pension liability	\$ 3,850,088	\$ -	\$ 703,548	\$ 3,146,540	\$ -
<b>Total</b>	<b>\$ 3,850,088</b>	<b>\$ -</b>	<b>\$ 703,548</b>	<b>\$ 3,146,540</b>	<b>\$ -</b>

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments for certificates of participation are made in the Special Reserve Fund for Capital Outlay Projects.
- Payments for finance purchase agreements are made in the General Fund.
- Payments for the JPA liability are made in the General Fund.
- Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.

**A. Compensated Absences**

Total unpaid employee compensated absences as of June 30, 2022 amounted to \$1,210,831. This amount is included as part of long-term liabilities in the government-wide financial statements.

**B. Other Postemployment Benefits**

The District's beginning total OPEB liability was \$52,410,461 and decreased by \$9,523,823 during the year ended June 30, 2022. The ending total OPEB liability at June 30, 2022 was \$42,886,638. See Note 11 for additional information regarding the total OPEB liability.

**C. Net Pension Liability**

The District has allocated portions of its net pension liability between governmental activities and business-type activities. The combined amount of the District's beginning net pension liability was \$163,169,236 and decreased by \$76,158,990 during the year ended June 30, 2022. The combined amount of the District's ending net pension liability at June 30, 2022 was \$87,010,246. See Note 12 for additional information regarding the net pension liability.

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

**NOTE 9 – LONG-TERM LIABILITIES (continued)**

**D. General Obligation Bonds**

The outstanding bonded debt of the District at June 30, 2022 is as follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2021	Additions	Deductions	Bonds Outstanding June 30, 2022
2002 Series A	6/26/2002	2/1/2027	2.50% - 5.71%	\$ 31,330,140	\$ 1,381,680	\$ 87,840	\$ -	\$ 1,469,520
2002 Series B	3/9/2005	8/1/2028	3.00% - 5.21%	12,669,709	27,958,198	1,395,425	2,970,000	26,383,623
2005 Refunding	3/9/2005	8/1/2021	3.00% - 4.125%	31,855,000	735,000	-	735,000	-
2014 Series A Refunding	3/26/2014	8/1/2021	2.00% - 3.00%	5,465,000	280,000	-	280,000	-
2020 Series A	7/29/2021	8/1/2051	0.15% - 4.00%	48,000,000	-	48,000,000	1,030,000	46,970,000
<b>Total</b>					<b>\$ 30,354,878</b>	<b>\$ 49,483,265</b>	<b>\$ 5,015,000</b>	<b>\$ 74,823,143</b>

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

Year Ended June 30,	Principal	Interest	Total
2023	\$ 5,561,767	\$ 4,216,033	\$ 9,777,800
2024	5,621,469	4,292,331	9,913,800
2025	1,697,876	4,427,924	6,125,800
2026	1,671,133	4,664,667	6,335,800
2027	2,104,873	6,515,927	8,620,800
2028 - 2032	3,881,259	13,835,741	17,717,000
2033 - 2037	3,690,000	7,272,400	10,962,400
2038 - 2042	7,065,000	6,214,900	13,279,900
2043 - 2047	11,740,000	4,358,000	16,098,000
2048 - 2052	15,485,000	1,456,300	16,941,300
Accretion	16,304,766	(16,304,766)	-
<b>Total</b>	<b>\$ 74,823,143</b>	<b>\$ 40,949,457</b>	<b>\$ 115,772,600</b>

**E. Certificates of Participation**

In September 2016, the District entered into an equipment lease/purchase agreement in the amount of \$12,373,081, bearing interest at approximately 2.55 percent. The agreement was entered into for an energy efficiency project. Payments include principal and interest and were scheduled to continue until September 2032. The COPs were fully repaid during the year ended June 30, 2022 through the issuance of the 2020 Series A general obligation bonds.

**F. Finance Purchase Agreements**

The District previously entered in various financing agreements for the purchase equipment. The remaining payments on these agreements as of June 30, 2022, are as follows:

Year Ended June 30,	Payment
2023	\$ 66,832
2024	7,916
Subtotal	74,748
Less amount representing interest	(1,618)
Total remaining principal	<b>\$ 73,130</b>

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 9 – LONG-TERM LIABILITIES (continued)**

**G. JPA Liability**

During the year ended June 30, 2022, the District repaid the deficit balance related to its property and liability fund with the San Diego County Schools Risk Management JPA in the amount of \$586,112.

**NOTE 10 – FUND BALANCES**

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

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable					
Revolving cash	\$ 43,650	\$ -	\$ -	\$ -	\$ 43,650
Stores inventory	161,972	-	-	127,890	289,862
Total non-spendable	205,622	-	-	127,890	333,512
Restricted					
Educational programs	3,520,463	-	-	133,379	3,653,842
Food service	-	-	-	2,206,565	2,206,565
Associated student body	-	-	-	109,173	109,173
Capital projects	-	34,569,019	-	2,983,167	37,552,186
Debt service	-	-	12,526,849	-	12,526,849
Total restricted	3,520,463	34,569,019	12,526,849	5,432,284	56,048,615
Committed					
Other commitments	39,587,310	-	-	-	39,587,310
Total committed	39,587,310	-	-	-	39,587,310
Unassigned	6,004,527	-	-	-	6,004,527
<b>Total Fund Balance</b>	<b>\$ 49,317,922</b>	<b>\$ 34,569,019</b>	<b>\$ 12,526,849</b>	<b>\$ 5,560,174</b>	<b>\$ 101,973,964</b>

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy targets a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than 3 percent of General Fund expenditures and other financing uses, inclusive of the minimum required by California Education Code.

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**A. Plan Description**

The District administers a single-employer defined benefit other postemployment benefit (OPEB) plan that provides medical, dental and vision insurance benefits to eligible retirees and their spouses. Details of the plan are included below. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

**B. Benefits Provided**

Employees having reached the minimum retirement age (55 years) and accepting retirement benefits as provided under the Public Employees' Retirement System (PERS) or State Teachers' Retirement System and having a minimum of ten (10) years in this district served during the past fifteen (15) years, will have group health and dental insurance benefits extended to them. Premiums for health and dental insurance benefits shall be paid by the District to the in-force carrier until the retiree reaches age sixty-five (65) or becomes eligible for Medicare.

In addition, the retiring employee shall have the option of having dependents included under the same coverage, for medical and dental only, with the retiree making the premium payment for such dependent coverage. Retirees may add dependent medical coverage during the open enrollment period. Dependent coverage may be discontinued, at the retiree's option, at any subsequent date. Payment for dependents' premiums shall be remitted semi-annually to the District on due dates as designated.

**C. Contributions**

For the measurement period, the District contributed \$2,536,766 to the Plan, all of which was used for current premiums.

**D. Plan Membership**

Membership of the Plan consisted of the following:

	<b><u>Number of participants</u></b>
Inactive employees receiving benefits	165
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	986
<b>Total number of participants**</b>	<b><u>1,151</u></b>

\*Information not provided

\*\*As of the June 30, 2022 valuation date

**E. Total OPEB Liability**

The La Mesa-Spring Valley School District's total OPEB liability of \$42,886,638 was measured as of June 30, 2022 and was determined by an actuarial valuation as the same date.

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**F. Actuarial Assumptions and Other Inputs**

The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2022 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

**Economic assumptions:**

Inflation	2.80%
Salary increases	2.80%
Discount rate	4.09%
Healthcare cost trend rates	7.00% decreasing to an ultimate rate of 4.50%

**Non-economic assumptions:**

*Mortality:*

General	SOA Pub-2010 General 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

*Retirement rates:*

Certificated	According to termination rates under the 2021 CalSTRS pension plan valuation and the CalSTRS 2%@60 and 2%@62 rates.
Classified	According to termination rates under the 2021 CalSTRS pension plan valuation and the CalPERS 3%@60 and 2%@62 rates.

\* Of those having met eligibility to receive District paid benefits. The percentage refers to the probability that an active employee who has reached the stated age will retire within the following year.

The actuarial assumptions used in the June 30, 2022 valuation were based on a review of plan experience during the period July 1, 2021 to June 30, 2022.

The discount rate was based on the Bond Buyer 20 Bond Index. The actuary assumed contributions would be sufficient to fully fund the obligation over a period not to exceed thirty years.

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**G. Changes in Total OPEB Liability**

	<u>June 30, 2022</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 3,033,288
Interest on total OPEB liability	1,186,591
Difference between expected and actual experience	1,810,789
Changes of assumptions	(13,017,725)
Benefits payments	(2,536,766)
Net change in total OPEB liability	(9,523,823)
Total OPEB liability - beginning	52,410,461
Total OPEB liability - ending	<u>\$ 42,886,638</u>
 Covered-employee payroll	 \$ 76,523,238
 District's total OPEB liability as a percentage of covered-employee payroll	  56.0%

**H. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

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

	<b>1% Decrease (3.09%)</b>	<b>Valuation Discount Rate (4.09%)</b>	<b>1% Increase (5.09%)</b>
Total OPEB liability	\$ 45,823,318	\$ 42,886,638	\$ 40,109,017

**I. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend 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 healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	<b>1% Decrease (Initial rate of 6.00% decreasing to 3.50%)</b>	<b>Valuation Trend Rate (Initial rate of 7.00% decreasing to 4.50%)</b>	<b>1% Increase (Initial rate of 8.00% decreasing to 5.50%)</b>
Total OPEB liability	\$ 38,886,800	\$ 42,886,638	\$ 47,575,584

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**J. OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB**

For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$3,943,168. At June 30, 2022, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,584,440	\$ 1,009,085
Changes in assumptions	6,658,172	11,466,368
<b>Total</b>	<u>\$ 8,242,612</u>	<u>\$ 12,475,453</u>

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2023	\$ 1,569,388	\$ 1,846,099
2024	1,569,388	1,846,099
2025	1,569,388	1,808,171
2026	1,431,070	1,808,171
2027	1,431,070	1,808,173
Thereafter	672,308	3,358,740
<b>Total</b>	<u>\$ 8,242,612</u>	<u>\$ 12,475,453</u>



**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 12 – PENSION PLANS**

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	<b>Net pension liability</b>	<b>Deferred outflows related to pensions</b>	<b>Deferred inflows related to pensions</b>	<b>Pension expense</b>
STRS Pension	\$ 51,091,874	\$ 19,317,139	\$ 46,722,079	\$ 2,138,758
PERS Pension	35,918,372	7,115,028	14,675,394	3,377,626
<b>Total</b>	<b>\$ 87,010,246</b>	<b>\$ 26,432,167</b>	<b>\$ 61,397,473</b>	<b>\$ 5,516,384</b>

**A. California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

**Benefits Provided**

The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.
2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 12 – PENSION PLANS (continued)**

**A. California State Teachers' Retirement System (CalSTRS) (continued)**

**Contributions**

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2022, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2022 was 16.92% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$11,006,601 for the year ended June 30, 2022.

**On-Behalf Payments**

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$7,220,366 to CalSTRS.

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

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

District's proportionate share of the net pension liability	\$ 51,091,874
State's proportionate share of the net pension liability associated with the District	25,707,985
<b>Total</b>	<b>\$ 76,799,859</b>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2021, the District's proportion was 0.112 percent, which unchanged from its proportion measured as of June 30, 2020.

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 12 – PENSION PLANS (continued)**

**A. California State Teachers' Retirement System (CalSTRS) (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

For the year ended June 30, 2022, the District recognized pension expense of \$2,138,758. In addition, the District recognized pension expense and revenue of \$(4,466,563) 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 40,414,988
Differences between expected and actual experience	127,988	5,437,241
Changes in assumptions	7,239,176	-
Changes in proportion and differences between District contributions and proportionate share of contributions	943,374	869,850
District contributions subsequent to the measurement date	11,006,601	-
<b>Total</b>	<u>\$ 19,317,139</u>	<u>\$ 46,722,079</u>

The \$11,006,601 reported as 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 year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2023	\$ 3,839,715	\$ 11,622,862
2024	3,733,313	10,554,050
2025	298,343	10,788,695
2026	298,344	12,293,113
2027	140,823	851,666
2028	-	611,693
<b>Total</b>	<u>\$ 8,310,538</u>	<u>\$ 46,722,079</u>

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 12 – PENSION PLANS (continued)**

**A. California State Teachers' Retirement System (CalSTRS) (continued)**

**Actuarial Assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Rate of Return*	7.10%
Wage Inflation	3.50%

\* Net of investment expenses, but gross of administrative expenses.

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2016 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2018.

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 (Pension Consulting Alliance–PCA) 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 expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2021, are summarized in the following table:

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Long-Term Expected Real Rate of Return*</b>
Public Equity	42%	4.80%
Real Estate	15%	3.60%
Private Equity	13%	6.30%
Fixed Income	12%	1.30%
Risk Mitigating Strategies	10%	1.80%
Inflation Sensitive	6%	3.30%
Cash/Liquidity	2%	-0.40%
	<hr/> 100% <hr/>	

\*20-year geometric average

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 12 – PENSION PLANS (continued)**

**A. California State Teachers' Retirement System (CalSTRS) (continued)**

**Discount Rate**

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

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	<b>1% Decrease (6.10%)</b>	<b>Current Discount Rate (7.10%)</b>	<b>1% Increase (8.10%)</b>
District's proportionate share of the net pension liability	\$ 104,004,770	\$ 51,091,874	\$ 7,175,182

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 12 – PENSION PLANS (continued)**

**B. California Public Employees' Retirement System (CalPERS)**

**Plan Description**

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

**Benefits Provided**

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

**Contributions**

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 7.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2022 was 22.91% of annual payroll. Contributions to the plan from the District were \$6,042,772 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$35,918,372 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2021, the District's proportion was 0.177 percent, which was a decrease of 0.002 from its proportion measured as of June 30, 2020.

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 12 – PENSION PLANS (continued)**

**B. California Public Employees' Retirement System (CalPERS) (continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

For the year ended June 30, 2022, the District recognized pension expense of \$3,377,626. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 13,784,402
Differences between expected and actual experience	1,072,256	84,674
Changes in proportion and differences between District contributions and proportionate share of contributions	-	806,318
District contributions subsequent to the measurement date	6,042,772	-
<b>Total</b>	<u>\$ 7,115,028</u>	<u>\$ 14,675,394</u>

The \$6,042,772 reported as 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 year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2023	\$ 797,567	\$ 3,796,065
2024	255,195	3,508,600
2025	19,494	3,537,019
2026	-	3,833,710
<b>Total</b>	<u>\$ 1,072,256</u>	<u>\$ 14,675,394</u>

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 12 – PENSION PLANS (continued)**

**B. California Public Employees' Retirement System (CalPERS) (continued)**

**Actuarial Assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Discount Rate	7.15%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS' membership data for all funds. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.



**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 12 – PENSION PLANS (continued)**

**B. California Public Employees' Retirement System (CalPERS) (continued)**

**Actuarial Assumptions (continued)**

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

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Real Return Years 1 – 10*</b>	<b>Real Return Years 11+**</b>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.0%	-0.92%
	<u>100.0%</u>		

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

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

**Discount Rate**

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

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	<b>1% Decrease (6.15%)</b>	<b>Current Discount Rate (7.15%)</b>	<b>1% Increase (8.15%)</b>
District's proportionate share of the net pension liability	\$ 60,563,419	\$ 35,918,372	\$ 15,457,696

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 13 – COMMITMENTS AND CONTINGENCIES**

**A. 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.

**B. 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.

**C. Construction Commitments**

As of June 30, 2022, the District had commitments with respect to unfinished capital projects of \$1,981,485.

**NOTE 14 – PARTICIPATION IN JOINT POWERS AUTHORITIES**

The La Mesa-Spring Valley School District participates in two joint ventures under joint powers agreement (JPA), the San Diego County Schools Risk Management JPA (RM) and Facilities Joint Powers Authority (FACJPA). The relationship between the District and the JPA's is such that the JPA's are not a component unit of the District for financial reporting purposes.

The RM JPA arranges for and provides workers' compensation, health, and property and liability insurance for its member school districts. The JPA is governed by a board consisting of a representative from each member district. The governing board controls the operations of the JPA independent of any influence by the member districts beyond their representation on the governing board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the JPA. As of June 30, 2020, the District had an estimated deficit balance of \$586,112 in its property and liability fund. In order to eliminate the deficit balance, the District will repay the remaining liability within one year.

The FACJPA consists of other districts within the county and the San Diego County Office of Education (SDCOE). The JPA is intended to provide members with the opportunity to achieve planning and construction savings by pooling the resources of its members and providing efficiencies and economies of scale which would potentially be unavailable if the members undertook planning and construction projects on an individual basis. The JPA also strives to develop alliances with SDCOE, Division of the State Architect, and the Office of Public School Construction.

The FACJPA provides management of facilities planning and construction and expertise on a range of facilities and construction needs from technical support to master planning construction projects. Contracts for FACJPA services are negotiated on a case-by-case basis when the district utilizes FACJPA services.

Condensed audited financial information for the most currently available year is available from the JPA.

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2022**

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**NOTE 15 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

**A. Refunded Debt**

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the District recognized deferred outflows or inflows of resources in the District-wide financial statements. The deferred outflow of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the District's long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2022, the deferred amount on refunding had been fully amortized.

**B. Pension Plans**

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 12. At June 30, 2022, total deferred outflows related to pensions was \$26,432,167 and total deferred inflows related to pensions was \$61,397,473.

**C. Other Postemployment Benefits**

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2022, total deferred outflows related to other postemployment benefits was \$8,242,612 and total deferred inflows related to other postemployment benefits was \$12,475,453.

**NOTE 16 – SUBSEQUENT EVENTS**

**Prepayment on Note Receivable**

In July 2022, San Diego Youth Services elected to prepay \$1,000,000 of the note receivable summarized in Note 3B.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**LA MESA-SPRING VALLEY SCHOOL DISTRICT  
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	\$ 113,574,714	\$ 116,102,605	\$ 116,292,371	\$ 189,766
Federal sources	29,021,015	29,983,547	32,624,372	2,640,825
Other state sources	18,527,284	23,594,779	23,967,924	373,145
Other local sources	9,673,922	10,425,555	11,038,743	613,188
Total Revenues	170,796,935	180,106,486	183,923,410	3,816,924
EXPENDITURES				
Certificated salaries	75,270,872	66,670,652	67,505,936	(835,284)
Classified salaries	25,604,032	28,023,496	28,192,728	(169,232)
Employee benefits	41,346,487	42,747,126	43,424,200	(677,074)
Books and supplies	10,441,207	6,941,817	6,268,332	673,485
Services and other operating expenditures	12,116,522	13,127,675	12,752,632	375,043
Capital outlay	3,954,625	3,980,413	3,198,642	781,771
Other outgo				
Excluding transfers of indirect costs	398,217	398,217	423,418	(25,201)
Transfers of indirect costs	(225,811)	(226,161)	(272,912)	46,751
Total Expenditures	168,906,151	161,663,235	161,492,976	170,259
Excess (Deficiency) of Revenues Over Expenditures	1,890,784	18,443,251	22,430,434	3,987,183
Other Financing Sources (Uses)				
Transfers in	81,230	2,417,308	35,153	(2,382,155)
Other sources	-	-	364,470	364,470
Transfers out	(1,152,374)	-	927,528	927,528
Net Financing Sources (Uses)	(1,071,144)	2,417,308	1,327,151	(1,090,157)
NET CHANGE IN FUND BALANCE				
	819,640	20,860,559	23,757,585	2,897,026
Fund Balance - Beginning	24,400,599	24,400,599	24,400,599	-
Fund Balance - Ending	\$ 25,220,239	\$ 45,261,158	\$ 48,158,184	\$ 2,897,026

\* Actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54. In addition, audit adjustments and reclassifications are not reflected in the schedule above.

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<b>Total OPEB Liability</b>					
Service Cost	\$ 3,033,288	\$ 2,742,714	\$ 2,574,537	\$ 2,344,655	\$ 2,304,605
Interest on total OPEB liability	1,186,591	1,364,765	1,335,301	1,393,457	1,310,764
Difference between expected and actual experience	1,810,789	(834,478)	(613,161)	-	-
Changes of assumptions	(13,017,725)	1,756,871	7,880,898	968,228	(265,499)
Benefits payments	<u>(2,536,766)</u>	<u>(2,351,905)</u>	<u>(2,522,081)</u>	<u>(2,195,486)</u>	<u>(2,062,012)</u>
Net change in total OPEB liability	(9,523,823)	2,677,967	8,655,494	2,510,854	1,287,858
Total OPEB liability - beginning	<u>52,410,461</u>	<u>49,732,494</u>	<u>41,077,000</u>	<u>38,566,146</u>	<u>37,278,288</u>
Total OPEB liability - ending	<u>\$ 42,886,638</u>	<u>\$ 52,410,461</u>	<u>\$ 49,732,494</u>	<u>\$ 41,077,000</u>	<u>\$ 38,566,146</u>
 Covered-employee payroll	 \$ 76,523,238	 \$ 82,209,064	 \$ 79,814,625	 \$ 77,489,927	 \$ 77,170,000
 District's total OPEB liability as a percentage of covered-employee payroll	 56.0%	 63.8%	 62.3%	 53.0%	 50.0%

See accompanying notes to required supplementary information.

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.112%	0.112%	0.112%	0.109%	0.111%	0.110%	0.109%	0.108%
District's proportionate share of the net pension liability	\$ 51,091,874	\$ 108,312,506	\$ 101,387,148	\$ 100,032,549	\$ 103,030,712	\$ 88,841,804	\$ 73,338,752	\$ 62,830,893
State's proportionate share of the net pension liability associated with the District	25,707,985	55,834,658	55,313,904	57,273,593	60,952,595	50,583,500	38,788,011	37,940,006
<b>Total</b>	<u>\$ 76,799,859</u>	<u>\$ 164,147,164</u>	<u>\$ 156,701,052</u>	<u>\$ 157,306,142</u>	<u>\$ 163,983,307</u>	<u>\$ 139,425,304</u>	<u>\$ 112,126,763</u>	<u>\$ 100,770,899</u>
District's covered payroll	\$ 60,483,825	\$ 61,068,582	\$ 61,112,773	\$ 58,402,383	\$ 58,723,651	\$ 55,678,200	\$ 50,079,904	\$ 47,889,273
District's proportionate share of the net pension liability as a percentage of its covered payroll	84.5%	177.4%	165.9%	171.3%	175.5%	159.6%	146.4%	131.2%
Plan fiduciary net position as a percentage of the total pension liability	87.2%	71.8%	72.6%	71.0%	69.5%	70.0%	74.0%	76.5%

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

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.177%	0.179%	0.179%	0.174%	0.175%	0.174%	0.170%	0.169%
District's proportionate share of the net pension liability	\$ 35,918,372	\$ 54,856,730	\$ 52,131,938	\$ 46,261,789	\$ 41,687,164	\$ 34,404,987	\$ 25,009,168	\$ 19,189,143
District's covered payroll	\$ 25,438,592	\$ 25,960,367	\$ 25,157,073	\$ 23,059,860	\$ 22,309,439	\$ 20,927,505	\$ 18,815,176	\$ 17,744,048
District's proportionate share of the net pension liability as a percentage of its covered payroll	141.2%	211.3%	207.2%	200.6%	186.9%	164.4%	132.9%	108.1%
Plan fiduciary net position as a percentage of the total pension liability	81.0%	70.0%	70.0%	70.8%	71.9%	73.9%	79.4%	83.4%

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



**LA MESA-SPRING VALLEY SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 11,006,601	\$ 9,726,326	\$ 10,312,963	\$ 9,783,624	\$ 8,426,863	\$ 7,349,557	\$ 5,952,372	\$ 4,456,783
Contributions in relation to the contractually required contribution*	(11,006,601)	(9,726,326)	(10,312,963)	(9,783,624)	(8,426,863)	(7,349,557)	(5,952,372)	(4,456,783)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 66,087,846	\$ 60,483,825	\$ 61,068,582	\$ 61,112,773	\$ 58,402,383	\$ 58,723,651	\$ 55,678,200	\$ 50,079,904
Contributions as a percentage of covered payroll	16.65%	16.08%	16.89%	16.01%	14.43%	12.52%	10.69%	8.90%

\*Amounts do not include on-behalf contributions

**LA MESA-SPRING VALLEY SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 6,042,772	\$ 5,013,537	\$ 4,732,600	\$ 4,184,764	\$ 3,374,019	\$ 2,925,764	\$ 2,335,190	\$ 2,221,323
Contributions in relation to the contractually required contribution*	(6,042,772)	(5,013,537)	(4,732,600)	(4,184,764)	(3,374,019)	(2,925,764)	(2,335,190)	(2,221,323)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 27,307,860	\$ 25,438,592	\$ 25,960,367	\$ 25,157,073	\$ 23,059,860	\$ 22,309,439	\$ 20,927,505	\$ 18,815,176
Contributions as a percentage of covered payroll	22.13%	19.71%	18.23%	16.63%	14.63%	13.11%	11.16%	11.81%

\*Amounts do not include on-behalf contributions

**LA MESA-SPRING VALLEY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 1 – PURPOSE OF SCHEDULES**

**Budgetary Comparison Schedule**

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

**Schedule of Changes in Total OPEB Liability and Related Ratios**

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the total OPEB liability, and the components of the total OPEB liability and related ratios, including the total OPEB liability as a percentage of covered-employee payroll.

**Changes in Benefit Terms**

There were no changes in benefit terms since the previous valuations for other postemployment benefits.

**Changes in Assumptions**

The discount rate as of the June 30, 2022 measurement date was 4.09%, while the discount rate in the previous measurement was 2.19%. The inflation rate was adjusted to 2.80% from 2.75% on the previous measurement, while the assumption for salary increases was adjusted to 2.80% from 3.00% in the previous measurement. Additionally, the healthcare cost trend rate increase to 7.00% from 6.25% in the previous measurement.

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

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

**Changes in Benefit Terms**

There were no changes in benefit terms since the previous valuations for CalSTRS and CalPERS.

**Changes in Assumptions**

There were no changes in economic assumptions since the previous valuations for CalSTRS and CalPERS.

**Schedule of District Contributions**

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered payroll.

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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**NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2022, the District incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code as follows:

	<b>Expenditures and Other Uses</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Excess</b>
General Fund			
Certificated salaries	\$ 66,670,652	\$ 67,505,936	\$ 835,284
Classified salaries	\$ 28,023,496	\$ 28,192,728	\$ 169,232
Employee benefits	\$ 42,747,126	\$ 43,424,200	\$ 677,074
Other outgo			
Excluding transfers of indirect costs	\$ 398,217	\$ 423,418	\$ 25,201

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## **SUPPLEMENTARY INFORMATION**

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**LA MESA-SPRING VALLEY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster</b>	<b>AL Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>U. S. DEPARTMENT OF EDUCATION:</b>			
<i>Passed through California Department of Education:</i>			
Title I, Part A			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 2,508,996
Comprehensive Support and Improvement for LEAs	84.010	15438	294,786
Subtotal Title I, Part A			<u>2,803,782</u>
Title II, Part B, CA Mathematics and Science Partnerships	84.366	14512	558,115
Title III			
Title III, English Learner Student Program	84.365	14346	226,212
Title III, Immigrant Education Program	84.365	15146	31,632
Subtotal Title III			<u>257,844</u>
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	132,341
Special Education Cluster [1]			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	2,558,935
IDEA Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	14,640
ARP IDEA Part B, Sec 611, Local Assistance Entitlement	84.027	15638	506,788
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	44,649
ARP IDEA Part B, Sec 619, Preschool Grants	84.173	15639	67,387
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	163,681
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	1,277
Subtotal Special Education Cluster			<u>3,357,357</u>
IDEA Early Intervention Grants, Part C	84.181	23761	26,074
Education for Homeless Children and Youth, Subtitle VII-B McKinney-Vento Act	84.196	14332	41,050
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants: [1]			
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425	15536	185
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425	15547	7,627,551
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425	15559	14,312,171
Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425	15618	1,158,879
Expanded Learning Opportunities (ELO) Grant GEER II	84.425	15619	265,973
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425	15620	755,455
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425	15621	1,302,274
American Rescue Plan-Homeless Children and Youth (ARP-HCY) Program	84.425	15564	25,320
Subtotal Education Stabilization Fund Discretionary Grants			<u>25,447,808</u>
<b>Total U. S. Department of Education</b>			<u><u>32,624,371</u></u>
<b>U. S. DEPARTMENT OF AGRICULTURE:</b>			
<i>Passed through California Department of Education:</i>			
COVID-19 Emergency Acts Funding/Extending Summer Food Service Program and SSO:			
Child Nutrition Cluster			
School Breakfast Program - Needy	10.553	13526	1,053,916
National School Lunch Program	10.555	13391	5,390,912
USDA Commodities [2]	10.555	*	381,047
SNP COVID-19 Emergency Operational Costs Reimbursement (ECR)	10.555	15637	181,331
Subtotal Child Nutrition Cluster			<u>7,007,206</u>
<i>Passed through California Department of Social Services:</i>			
Child and Adult Care Food Program (CACFP)			
CACFP Claims - Centers and Family Day Care	10.558	13393	536,752
CACFP COVID-19 Emergency Operational Costs Reimbursement (ECR)	10.558	15577	52,865
Subtotal CACFP			<u>589,617</u>
<b>Total U. S. Department of Agriculture</b>			<u><u>7,596,823</u></u>
<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>			
<i>Passed through California Department of Education:</i>			
Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act: One-time Stipend	93.575	15555	40,793
<b>Total U. S. Department of Health &amp; Human Services</b>			<u>40,793</u>
<b>Total Federal Expenditures</b>			<u><u>\$ 40,261,987</u></u>

[1] - Major Program

[2] - In-Kind Contribution

\* - Pass-Through Entity Identifying Number not available or not applicable

**LA MESA-SPRING VALLEY SCHOOL DISTRICT  
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)  
FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Second Period Report</b>	<b>Annual Report</b>
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	4,376.52	4,384.35
Extended Year Special Education	3.20	3.20
Special Education - Nonpublic Schools	1.81	1.73
Total TK/K through Third	4,381.53	4,389.28
Fourth through Sixth		
Regular ADA	3,274.50	3,282.05
Extended Year Special Education	2.08	2.08
Special Education - Nonpublic Schools	4.92	4.37
Extended Year Special Education - Nonpublic Schools	1.02	1.02
Community Day School	0.49	0.67
Total Fourth through Sixth	3,283.01	3,290.19
Seventh through Eighth		
Regular ADA	2,113.87	2,111.21
Extended Year Special Education	2.23	2.23
Special Education - Nonpublic Schools	5.26	5.20
Extended Year Special Education - Nonpublic Schools	0.57	0.57
Community Day School	0.71	1.41
Total Seventh through Eighth	2,122.64	2,120.62
TOTAL SCHOOL DISTRICT	9,787.18	9,800.09

**LA MESA-SPRING VALLEY SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2022**

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<b>Grade Level</b>	<b>Minutes Requirement</b>	<b>2021-22 Actual Minutes</b>	<b>Number of Days</b>	<b>Status</b>
Kindergarten	36,000	54,175	180	Complied
Grade 1	50,400	54,175	180	Complied
Grade 2	50,400	54,175	180	Complied
Grade 3	50,400	54,175	180	Complied
Grade 4	54,000	54,175	180	Complied
Grade 5	54,000	54,175	180	Complied
Grade 6	54,000	54,175	180	Complied
Grade 7	54,000	62,485	180	Complied
Grade 8	54,000	62,485	180	Complied



**LA MESA-SPRING VALLEY SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

	2023 (Budget)	2022	2021	2020
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 193,319,812	\$ 184,323,033	\$ 157,257,700	\$ 142,267,303
Expenditures And Other Financing Uses	177,683,955	160,565,448	147,006,539	139,519,630
Net change in Fund Balance	\$ 15,635,857	\$ 23,757,585	\$ 10,251,161	\$ 2,747,673
Ending Fund Balance	\$ 63,794,041	\$ 48,158,184	\$ 24,400,599	\$ 14,149,438
Available Reserves*	\$ 5,329,169	\$ 6,004,527	\$ 23,086,441	\$ 6,388,846
Available Reserves As A Percentage Of Outgo	3.00%	3.74%	15.70%	4.58%
Long-term Liabilities	\$ 201,044,216	\$ 209,299,315	\$ 254,491,749	\$ 245,510,019
Average Daily Attendance At P-2***	9,997	9,787	11,219	11,219

The General Fund balance has increased by \$34,008,746 over the past two years. The fiscal year 2022-23 budget projects an increase of \$15,635,857. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years and anticipates incurring an operating surplus during the 2022-23 fiscal year. Total long-term obligations have decreased by \$36,210,704 over the past two years.

Average daily attendance has decreased by 1,432 ADA over the past two years. An increase of 210 ADA is anticipated during the 2022-23 fiscal year.

\* Available reserves consist of all unassigned fund balance within the General Fund and the Special Reserve Fund for other than Capital Outlay Projects.

\*\* The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for other than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

\*\*\*Due to the COVID-19 pandemic, Average Daily Attendance at P-2 was not reported in 2021. Funding was based on Average Daily Attendance at P-2 as reported in 2020.

**LA MESA-SPRING VALLEY SCHOOL DISTRICT  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund	Student Activity Fund	Child Development Fund	Cafeteria Fund	Special Reserve Fund for Other Than Capital Outlay Projects	Building Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Child Care Enterprise Fund
June 30, 2022, annual financial and budget report fund balance	\$ 48,158,184	\$ 225,120	\$ 143,028	\$ 2,362,178	\$ 2,249,953	\$ 35,446,071	\$ 2,098,991	\$ 959,832	\$ 12,844,207	\$ 1,484,346
Adjustments and reclassifications:										
Increase (decrease) in total fund balances:										
Adjustment to cash in banks	-	(113,052)	-	-	-	-	-	-	-	-
Allocation of net pension liability (GASB 68)	-	-	-	-	-	-	-	-	-	(3,112,945)
Fair value adjustment (GASB 31)	(1,090,215)	(2,895)	(9,649)	(27,723)	-	(877,052)	(51,993)	(23,663)	(317,358)	(33,139)
Fund balance transfer (GASB 54)	2,249,953	-	-	-	(2,249,953)	-	-	-	-	-
Net adjustments and reclassifications	1,159,738	(115,947)	(9,649)	(27,723)	(2,249,953)	(877,052)	(51,993)	(23,663)	(317,358)	(3,146,084)
June 30, 2022, audited financial statement fund balance	\$ 49,317,922	\$ 109,173	\$ 133,379	\$ 2,334,455	\$ -	\$ 34,569,019	\$ 2,046,998	\$ 936,169	\$ 12,526,849	\$ (1,661,738)

See accompanying note to supplementary information.

**LA MESA-SPRING VALLEY SCHOOL DISTRICT  
SCHEDULE OF CHARTER SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2022**

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<b>Charter #</b>	<b>Charter School</b>	<b>Status</b>	<b>Included in Audit Report</b>
1901	Sparrow Academy	Active	No

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2022**

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 114,560	\$ 380,871	\$ 1,094,292	\$ 2,052,293	\$ 934,038	\$ 4,576,054
Accounts receivable	549	7,928	1,513,643	17,591	2,131	1,541,842
Due from other funds	36	12,580	35,689	-	-	48,305
Stores inventory	-	-	127,890	-	-	127,890
<b>Total Assets</b>	<b>\$ 115,145</b>	<b>\$ 401,379</b>	<b>\$ 2,771,514</b>	<b>\$ 2,069,884</b>	<b>\$ 936,169</b>	<b>\$ 6,294,091</b>
<b>LIABILITIES</b>						
Accrued liabilities	\$ 1,328	\$ 10,257	\$ 89,037	\$ 2,270	\$ -	\$ 102,892
Due to other funds	4,644	11,065	278,171	20,616	-	314,496
Unearned revenue	-	246,678	69,851	-	-	316,529
<b>Total Liabilities</b>	<b>5,972</b>	<b>268,000</b>	<b>437,059</b>	<b>22,886</b>	<b>-</b>	<b>733,917</b>
<b>FUND BALANCES</b>						
Non-spendable	-	-	127,890	-	-	127,890
Restricted	109,173	133,379	2,206,565	2,046,998	936,169	5,432,284
<b>Total Fund Balances</b>	<b>109,173</b>	<b>133,379</b>	<b>2,334,455</b>	<b>2,046,998</b>	<b>936,169</b>	<b>5,560,174</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 115,145</b>	<b>\$ 401,379</b>	<b>\$ 2,771,514</b>	<b>\$ 2,069,884</b>	<b>\$ 936,169</b>	<b>\$ 6,294,091</b>

See accompanying note to supplementary information.

**LA MESA-SPRING VALLEY SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2022**

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
<b>REVENUES</b>						
Federal sources	\$ -	\$ 45,000	\$ 7,596,822	\$ -	\$ -	\$ 7,641,822
Other state sources	-	858,672	403,524	-	-	1,262,196
Other local sources	163,295	(7,856)	211,454	660,765	156,692	1,184,350
<b>Total Revenues</b>	<u>163,295</u>	<u>895,816</u>	<u>8,211,800</u>	<u>660,765</u>	<u>156,692</u>	<u>10,088,368</u>
<b>EXPENDITURES</b>						
Current						
Instruction	-	518,429	-	-	-	518,429
Instruction-related services						
Instructional supervision and administration	-	185,734	-	-	-	185,734
School site administration	-	152,553	-	-	-	152,553
Pupil services						
Food services	-	-	6,713,014	-	-	6,713,014
General administration						
All other general administration	-	41,776	231,135	28,257	-	301,168
Plant services	-	1,412	-	-	1,995	3,407
Ancillary services	167,474	-	-	-	-	167,474
<b>Total Expenditures</b>	<u>167,474</u>	<u>899,904</u>	<u>6,944,149</u>	<u>28,257</u>	<u>1,995</u>	<u>8,041,779</u>
<b>NET CHANGE IN FUND BALANCE</b>	(4,179)	(4,088)	1,267,651	632,508	154,697	2,046,589
<b>Fund Balance - Beginning</b>	113,352	137,467	1,066,804	1,414,490	781,472	3,513,585
<b>Fund Balance - Ending</b>	<u>\$ 109,173</u>	<u>\$ 133,379</u>	<u>\$ 2,334,455</u>	<u>\$ 2,046,998</u>	<u>\$ 936,169</u>	<u>\$ 5,560,174</u>

See accompanying note to supplementary information.

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE**  
**JUNE 30, 2022**

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La Mesa-Spring Valley School District was formed in 1915 and is located in the eastern portion of San Diego County. The District encompasses approximately 26 square miles including the City of La Mesa, a portion of the City of El Cajon and the unincorporated communities of Mt. Helix, Casa de Oro, and Spring Valley. There were no changes in the boundaries of the District during the current year. The District currently operates sixteen elementary schools (grades K-6), one middle school (grades 7-8), one literacy academy (grades K-3), and three specialty academies (grades 4-8).

**GOVERNING BOARD**

<b>Member</b>	<b>Office</b>	<b>Term Expires</b>
Rebecca McRae	President	December 2022
Chardá Bell-Fontenot	Vice President	December 2022
Megan Epperson	Clerk	December 2022
Minerva Martinez Scott	Member	December 2024
Sarah Rhiley	Member	December 2024

**DISTRICT ADMINISTRATORS**

David Feliciano  
*Superintendent*

Jennifer Nerat  
*Assistant Superintendent, Business Services*

Margaret Jacobsen  
*Assistant Superintendent, Human Resources*

Guido Magliato  
*Assistant Superintendent, Learning Support*

Deann Ragsdale  
*Assistant Superintendent, Educational Services*

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2022**

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**NOTE 1 – PURPOSE OF SCHEDULES**

**Schedule of Expenditures of Federal Awards**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The District has not elected to use the 10 percent de minimis indirect cost rate.

The following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2022 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2022.

	<b>AL Number</b>	<b>Amount</b>
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 40,266,194
ARP CSPP: One-time Stipend	93.575	(45,000)
CRRSA Act: One-time Stipend	93.575	40,793
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$ 40,261,987</u>

**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**

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with article 8 (commencing with section 46200) of chapter 2 of part 26 of the *Education Code*.

**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.

**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 Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

**LA MESA-SPRING VALLEY SCHOOL DISTRICT**  
**NOTES TO SUPPLEMENTARY INFORMATION, continued**  
**JUNE 30, 2022**

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**NOTE 1 – PURPOSE OF SCHEDULES (continued)**

**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.

**Combining Statements – Non-Major Funds**

These statements provide information on the District's non-major funds.

**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.



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## **OTHER INDEPENDENT AUDITORS' REPORTS**

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**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**Independent Auditors' Report

Governing Board  
La Mesa-Spring Valley School District  
La Mesa, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of La Mesa-Spring Valley School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the La Mesa-Spring Valley School District's basic financial statements, and have issued our report thereon dated November 28, 2022.

**Report on Internal Control over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Christy White, Inc.*

San Diego, California  
November 28, 2022

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**Independent Auditors' Report

Governing Board  
La Mesa-Spring Valley School District  
La Mesa, California

**Report on Compliance for Each Major Federal Program*****Opinion on Each Major Federal Program***

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

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

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) 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 La Mesa-Spring Valley School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on compliance for each major federal program. Our audit does not provide a legal determination of La Mesa-Spring Valley School District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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

## ***Auditor's Responsibilities for the Audit for 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 La Mesa-Spring Valley School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance 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. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user of the report on compliance about La Mesa-Spring Valley School District's compliance with the requirements of each major federal program as a whole.

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

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

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

## **Report on Internal Control Over Compliance**

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

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

**Report on Internal Control Over Compliance (continued)**

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

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

A handwritten signature in blue ink that reads "Christy White, Inc." in a cursive script.

San Diego, California  
November 28, 2022

**REPORT ON STATE COMPLIANCE**Independent Auditors' Report

Governing Board  
La Mesa-Spring Valley School District  
La Mesa, California

**Report on State Compliance*****Opinion on State Compliance***

We have audited La Mesa-Spring Valley School District's compliance with the types of compliance requirements described in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810, that could have a direct and material effect on each of La Mesa-Spring Valley School District's state programs for the fiscal year ended June 30, 2022, as identified below.

In our opinion, La Mesa-Spring Valley School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the applicable state programs for the year ended June 30, 2022.

***Basis for Opinion on State Compliance***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810 as regulations (the K-12 Audit Guide). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of State Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of State Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the state compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on La Mesa-Spring Valley School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the K-12 Audit Guide will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance 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. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user of the report on compliance about La Mesa-Spring Valley School District's compliance with the requirements of the applicable state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, and the K-12 Audit Guide, we:

- Exercise professional judgement 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 La Mesa-Spring Valley School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of La Mesa-Spring Valley School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the K-12 Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of La Mesa-Spring Valley School District's internal control over compliance. Accordingly, no such opinion is expressed.
- Select and test transactions and records to determine La Mesa-Spring Valley School District's compliance with the state laws and regulations related to the following items:

<b>PROGRAM NAME</b>	<b>PROCEDURES PERFORMED</b>
<b>Local Education Agencies Other Than Charter Schools</b>	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable



***Auditor's Responsibilities for the Audit of State Compliance (continued)***

<b>PROGRAM NAME</b>	<b>PROCEDURES PERFORMED</b>
<b>School Districts, County Offices of Education, and Charter Schools</b>	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not Applicable
In-Person Instruction Grant	Yes
 <b>Charter Schools</b>	
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

The term "Not Applicable" is used above to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

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 or material weaknesses in internal control over compliance that we identified during the audit.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as Finding #2022-001. Our opinion on state compliance is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on La Mesa-Spring Valley School District's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. La Mesa-Spring Valley School 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***

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the K-12 Audit Guide. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Christy White, Inc." in a cursive script.

San Diego, California  
November 28, 2022

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## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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**LA MESA-SPRING VALLEY SCHOOL DISTRICT  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	
Identification of major programs:	<u>No</u>

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425	Education Stabilization Fund Discretionary Grants
84.027, 84.027A, 84.173, 84.173A	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,207,860</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

**STATE AWARDS**

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Any audit findings disclosed that are required to be reported in accordance with 2021-22 Guide for Annual Audits of California K-12 Local Education Agencies ?	
Type of auditors' report issued on compliance for state programs:	<u>Yes</u>
	<u>Unmodified</u>

**LA MESA-SPRING VALLEY SCHOOL DISTRICT  
FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**FIVE DIGIT CODE**

20000  
30000

**AB 3627 FINDING TYPE**

Inventory of Equipment  
Internal Control

There were no financial statement findings or questioned costs for the year ended June 30, 2022.

**LA MESA-SPRING VALLEY SCHOOL DISTRICT  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**FIVE DIGIT CODE**

50000

**AB 3627 FINDING TYPE**

Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2022

**LA MESA-SPRING VALLEY SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**FIVE DIGIT CODE**

10000  
40000  
42000  
43000  
60000  
61000  
62000  
70000  
71000  
72000

**AB 3627 FINDING TYPE**

Attendance  
State Compliance  
Charter School Facilities Programs  
Apprenticeship: Related and Supplemental Instruction  
Miscellaneous  
Classroom Teacher Salaries  
Local Control Accountability Plan  
Instructional Materials  
Teacher Misassignments  
School Accountability Report Card

**FINDING #2022-001: AFTER SCHOOL EDUCATION AND SAFETY PROGRAM – INDIRECT COSTS (40000)**

**Criteria:** Pursuant to EC sections 8483.9(a), a program participant receiving state funding for the After School Education and Safety (ASES) Program may expend the lesser of the LEA's indirect cost rate as approved by the CDE for the year audited, or five percent of the state funding received.

**Condition:** Through review of the ASES expenditure activity for the year ended June 30, 2022, we noted that the District exceeded the allowable indirect cost rate of five percent, which was the lesser rate in comparison to the LEA approved indirect cost rate of 5.65%. Indirect costs in the amount of \$71,341 represented approximately 5.30% percent of current year program expenditures.

**Cause:** Administrative oversight.

**Effect:** The District did not meet the program expenditure requirement for indirect costs.

**Questioned Costs:** The result is an excess of \$3,982 from the allowable indirect cost threshold of five percent.

**Repeat Finding:** This is not a repeat finding.

**Recommendation:** We recommend that the program management staff implement a process to periodically monitor compliance with this requirement during the year-end closing process.

**Corrective Action Plan:** The indirect cost for the ASES program will be reviewed by fiscal staff at each interim and year end close and also evaluated by the director of fiscal services at these times to verify that we are in compliance with our LEA expending the lesser of the indirect cost rate approved by CDE for the audited year or five percent of the state funding received.

**LA MESA-SPRING VALLEY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2022**

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There were no findings or questioned costs for the year ended June 30, 2021.