



# SOLANA BEACH

SCHOOL DISTRICT

309 N. Rios Avenue  
Solana Beach, CA 92075  
(858) 794-7100  
www.sbsd.k12.ca.us

## Independent Citizens' Oversight Committee (ICOC) Members

Bruce Cameron  
Hari Damineni  
Laurel Graziano  
Lauren Hay  
Katherine Kousser  
Jill MacDonald  
Jerry Suppa

## Board of Education

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*President*  
Debra H. Schade, Ph.D.  
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Gaylin Allbaugh  
*Clerk*  
Dana King  
*Member*  
Julie Union  
*Member*

**Superintendent**  
Jodee Brentlinger

Solana Beach School District

## Measure JJ Independent Citizens' Oversight Committee (ICOC) Meeting

March 2, 2022

Solana Beach School District, Telephonic/Video Conference\*  
6:00 p.m.

*Welcome to the meeting of the Independent Citizens' Oversight  
Committee, ICOC, of the Solana Beach School District.*

### Public Inspection of Documents

In compliance with Government Code 54957.5 any agenda-related documents that were unable to be distributed to the ICOC at least 72 hours prior to the meeting are available for inspection at the Solana Beach School District, 309 North Rios Avenue, Solana Beach.

### Hearing of the Public

Anyone wishing to address the ICOC are given an opportunity to do so. In the interest of time and order, presentations from the public are limited to 3 minutes per person, per topic. Unless an item has been placed on the agenda, no action may be taken during this meeting. A form will be active at 5:30 and can be accessed at [www.sbsd.k12.ca.us/icoc-comment](http://www.sbsd.k12.ca.us/icoc-comment).

In accordance with the Brown Act, unless an item has been placed on the published agenda, there shall be no action taken. The ICOC may (1) acknowledge receipt of the information, (2) refer to staff for further study; or, (3) refer the matter to the next agenda.

*\*The Public's health and well-being are the top priority for the Solana Beach School District ("District") and you are urged to take all appropriate health and safety precautions. To facilitate this process, the meeting of the ICOC Board will be held via telephonic/video conference.*

*Note: The meeting is being held by telephonic/video conference means and will be made accessible to members of the public seeking to attend and to address the Board solely through the links provided, except that members of the public seeking to attend and to address the ICOC Board who require reasonable accommodations to access the meeting, based on disability or other reasons, should contact [michaelhodson@sbsd.net](mailto:michaelhodson@sbsd.net) or (858) 794-7112 at least twenty-four (24) hours in advance to make arrangements for such reasonable accommodations.*

### Assistance with Meeting

In compliance with the Americans with Disabilities Act and AB-3035, if you require special assistance to participate in this meeting, please contact the Assistant Superintendent of Business Services at (858) 794-

7112 at least 24 hours prior to the start of the meeting to enable the District to make reasonable arrangements.

Please copy and paste the link below to join the webinar:

<https://sbsd.zoom.us/j/98802104767?pwd=NXFKOU1wOXpZKzRUekJCaDJLakZGUT09>

Passcode: 831459

Or One tap mobile :

US: +16699009128,,98802104767# or +13462487799,,98802104767#

Or Telephone:

Dial(for higher quality, dial a number based on your current location):

US: [+1 669 900 9128](tel:+16699009128) or [+1 346 248 7799](tel:+13462487799) or [+1 253 215 8782](tel:+12532158782) or [+1 646 558 8656](tel:+16465588656) or [+1 301 715 8592](tel:+13017158592) or [+1 312 626 6799](tel:+13126266799)

Webinar ID: [988 0210 4767](https://sbsd.zoom.us/j/98802104767)

International numbers available: [https://sbsd.zoom.us/u/abhUGEsMaH](https://sbsd.zoom.us/j/98802104767)



# Independent Citizens' Oversight Committee

## Meeting Agenda

March 2, 2022

Solana Beach School District, Telephonic/Video Conference

6:00 p.m.

In compliance with the Americans with Disabilities Act and AB-3035, if you require special assistance to participate in this meeting, please contact the Assistant Superintendent of Business Services at (858) 794-7112 at least 24 hours prior to the start of the meeting to enable the District to make reasonable arrangements.

*The Regularly Scheduled Meeting of the Independent Citizens' Oversight Committee of the Solana Beach School District begins at 6:00 p.m. via Telephonic/Video Conference.*

- 1. **CALL TO ORDER**  
WELCOME
- 2. **PLEDGE OF ALLEGIANCE**
- 3. **ROLL CALL** .....  

_____	Mr. Cameron
_____	Mr. Damineni
_____	Ms. Graziano
_____	Ms. Hay
_____	Ms. Kousser
_____	Ms. MacDonald
_____	Mr. Suppa
- 4. **APPROVAL OF AGENDA** ..... 3-4 Motion/Second
- 5. **APPROVAL OF MINUTES:** January 12, 2022, Regular Committee Meeting..... 5-6 Motion/Second
- 6. **INTRODUCTIONS:** (any)

### HEARING OF THE PUBLIC

- 7. **HEARING OF THE PUBLIC**  
 Anyone wishing to address the ICOC are given an opportunity to do so. In the interest of time and order, presentations from the public are limited to 3 minutes per person, per topic. Unless an item has been placed on the agenda, no action may be taken during this meeting. A form will be active at 5:30 and can be accessed at [www.sbsd.k12.ca.us/icoc-comment](http://www.sbsd.k12.ca.us/icoc-comment).

In accordance with the Brown Act, unless an item has been placed on the published agenda, there shall be no action taken. The ICOC may (1) acknowledge receipt of the information, (2) refer to staff for further study; or, (3) refer the matter to the next agenda.

<b>8. ACTION ITEMS</b>		
A. Acceptance of the 2020-21 Measure JJ Audit Report by Christy White, Inc. ....	7	Motion/Second
B. Presentation and approval of the 2020-21 Annual Report .....	8	Motion/Second
<b>9. INFORMATION/DISCUSSION ITEMS</b>		
A. Independent Citizens' Oversight Committee internal business .....	9	
B. Presentation of the Measure JJ Capital Programs projects and timeline.....	10	
C. Measure JJ financial reports on current projects.....	11	
<b>10. ANNOUNCEMENTS &amp; REPORTS</b>		
A. Member Announcements		
<b>11. ADJOURNMENT OF MEETING</b>	_____	Motion/Second



# Independent Citizens' Oversight Committee

## Meeting Minutes

January 12, 2022

Solana Beach School District, Telephonic/Video Conference

6:00 p.m.

### CALL TO ORDER

The regular meeting of the Solana Beach School District Independent Citizens' Oversight Committee was called to order by Committee President, Laurel Graziano, at 6:02 p.m.

### PLEDGE OF ALLEGIANCE

Ms. Laurel Graziano led members and guests in the Pledge of Allegiance.

### ROLL CALL

#### Members Present (5)

Mr. Cameron (absent)  
Ms. Epstein  
Ms. Graziano  
Ms. Hay  
Ms. Kousser  
Ms. MacDonald  
Mr. Suppa (absent)

### APPROVAL OF AGENDA

Motion to Approve Agenda

**Motion** Hay  
**Second** MacDonald  
**Unanimous (5)**

*Damineni – Aye; Graziano – Aye; Hay – Aye; Kousser – Aye; MacDonald – Aye; Cameron – Absent; Suppa – Absent*

### APPROVAL OF MINUTES

Motion to Approve Minutes

Meeting September 1, 2021

**Motion** Hay  
**Second** Epstein  
**Unanimous (4)**

*Damineni - Aye; Graziano – Aye; Hay – Aye; Kousser – Aye; MacDonald- Aye; Cameron – Absent; Suppa – Absent*

### HEARING OF THE PUBLIC

There were no public comments regarding open session items.

### ACTION ITEMS

8A. Motion to approve appointment of Michael Hodson as Secretary to the ICOC.

**Motion** Graziano  
**Second** Hay  
**Unanimous (5)**

*Damineni - Aye; Graziano – Aye; Hay – Aye; Kousser – Aye; MacDonald- Aye; Cameron – Absent; Suppa – Absent*

**INFORMATION/DISCUSSION ITEMS**

9A. Mr. Hodson led the committee in discussion on soliciting for new ICOC members.

9B. Mr. Hodson presented on the Measure JJ Capital Program projects and timelines.

9C. Mr. Hodson presented on the Measure JJ Financial Reports.

**ADJOURNMENT**

There being no further business to come before the Committee, there was a motion to adjourn at 6:39 p.m.

**Motion** MacDonald

**Second** Hay

**Unanimous (5)**

*Damineni – Aye; Graziano – Aye; Hay – Aye; Kousser – Aye; MacDonald – Aye; Cameron – Absent; Suppa – Absent*

**Submitted by:**

**Mary Ann Stachowski**

**Approval:**

Committee Action on March 2, 2022

**ITEM:**

**AGENDA ITEM: 8A.**

Acceptance of the 2020-21 Measure JJ Audit Report by Christy White, Inc.

- Action
- Consent
- First Reading
- Information
- Presentation
- Public Hearing
- Roll Call Vote Required
- Report

**RECOMMENDATION:**

It is recommended that the Committee accept the 2020-21 Measure JJ Audit Report by Christy White, Inc.

**DESCRIPTION:**

The annual audit report for the 2020-21 fiscal year, prepared and presented by the District’s independent auditors, Chrisy White, Inc, is presented for acceptance.

Attachment: Solana Beach School District Measure JJ Bond Building Fund Audit Report for the year ended June 30, 2021

**FISCAL IMPACT:**

**MOVED BY:** \_\_\_\_\_

**SECONDED BY:** \_\_\_\_\_



Certified Public Accountants serving  
K-12 School Districts and Charter  
Schools throughout California

February 8, 2022

Board of Education  
Solana Beach School District  
Solana Beach, California

We have audited the financial statements of the Measure JJ Bond Building Fund of the Solana Beach School District (the "District") for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 10, 2018. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Matters

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2021. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

##### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

##### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

##### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated February 8, 2022.

348 Olive Street  
San Diego, CA  
92103

O: 619-270-8222  
F: 619-260-9085  
[christywhite.com](http://christywhite.com)



Significant Audit Matters (continued)

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Restriction on Use

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

Very truly yours,

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

Christy White, Inc.  
San Diego, California

**SOLANA BEACH SCHOOL DISTRICT**  
**MEASURE JJ BOND BUILDING FUND**

**AUDIT REPORT**

**FOR THE YEAR ENDED**  
**JUNE 30, 2021**

**SOLANA BEACH SCHOOL DISTRICT  
MEASURE JJ BOND BUILDING FUND  
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JUNE 30, 2021**

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**SOLANA BEACH SCHOOL DISTRICT  
 MEASURE JJ BOND BUILDING FUND  
 INTRODUCTION AND INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE MEMBER LISTING  
 JUNE 30, 2021**

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The Solana Beach School District was established in 1887. The District boundaries include the City of Solana Beach, the City of San Diego, Fairbanks Ranch, Rancho Santa Fe, and portions of Carmel Valley and Pacific Highlands Ranch. The District currently operates one preschool and seven elementary schools.

In November 2016, the voters of Solana Beach School District approved by more than the required 55% favorable vote, Measure JJ, authorizing the issuance and sale of general obligation bonds, not to exceed \$105,000,000. Measure JJ is a Proposition 39 bond. The passage of Proposition 39 in November 2000 amended the California Constitution to include accountability provisions. Specifically, the District must conduct an annual independent performance audit to ensure that funds have been expended only on the specific projects listed as well as an annual, independent financial audit of the proceeds from the sale of the bonds until all of the proceeds have been expended for facilities projects.

In May 2017, the District issued Election of 2016, Series A general obligation bonds totaling \$50,000,000. Bond proceeds are to be used to replace or upgrade aging, outdated classrooms, science labs, libraries, and school buildings; restore deteriorating roofs, plumbing, and electrical systems; improve student safety and campus security; and provide students access to educational facilities, science, and technology needed to prepare for high school, college, and careers, and qualify for State grants. The bonds bear interest at a rate of 2.0% - 5.0% and are scheduled to mature through August 2046.

In March 2019, the District issued Election of 2016, Series B general obligation bonds totaling \$55,000,000. The bonds bear interest at a rate of 3.0% - 5.0% and are scheduled to mature through August 2041, with the first payment commencing in August 2020. With this issuance, the District has issued the total amount of \$105,000,000 in general obligation bonds that were authorized by the passing of Measure JJ.

Proposition 39 requires school districts that pass Proposition 39 bonds to seat an Independent Citizens' Oversight Committee (ICOC) to assure the community that bond funds are expended in the fashion outlined in the district's bond resolution. The ICOC must meet at least once a year and inform the public about the expenditure of bond revenues. The ICOC shall actively review and report on the proper expenditure of taxpayers' money for school construction.

The Independent Citizens' Oversight Committee had the following members as of June 30, 2021:

<b>Name</b>	<b>Title</b>	<b>Representation</b>
Katherine Kousser	President	Taxpayers' Organization Member
Laurel Graziano	Vice President	Business Community Member
Lauren Hay	Member	Community At-Large
Jill McDonald	Member	Senior Citizens' Organization Member
Jill Epstein	Member	Parent of Child in the District
Bruce Cameron	Member	Parent-Teacher Organization Member
Jerry Suppa	Member	Community At-Large

## INDEPENDENT AUDITORS' REPORT

Measure JJ Independent Citizens' Oversight Committee and  
Governing Board Members of the  
Solana Beach School District  
Solana Beach, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Measure JJ Bond Building Fund of Solana Beach School District (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. 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*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure JJ Bond Building Fund of Solana Beach School District, as of June 30, 2021, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1A, the financial statements present only the Measure JJ Bond Building Fund and do not purport to, and do not present fairly the financial position of the Solana Beach School District, as of June 30, 2021, the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters specific to the Measure JJ Bond Building Fund. 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 Measure JJ Bond Building Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

**Report of Other Legal and Regulatory Requirements**

In accordance with the requirements of Proposition 39, as incorporated in California Constitution Article 13A, we have issued our performance audit dated February 8, 2022, on our consideration of the District's compliance with the requirements of Proposition 39 as it directly relates to the Measure JJ Bond Building Fund. That report is an integral part of our audit of the Measure JJ Bond Building Fund of Solana Beach School District, as of and for the year ended June 30, 2021, and should be considered in assessing the results of our financial audit.

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

San Diego, California  
February 8, 2022

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## **FINANCIAL SECTION**

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**SOLANA BEACH SCHOOL DISTRICT  
MEASURE JJ BOND BUILDING FUND  
BALANCE SHEET  
JUNE 30, 2021**

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<b>ASSETS</b>	
Cash and investments	\$ 22,736,631
Accounts receivable	44,002
<b>Total Assets</b>	<u>\$ 22,780,633</u>
<b>LIABILITIES</b>	
Accrued liabilities	\$ 2,545,384
<b>Total Liabilities</b>	<u>2,545,384</u>
<b>FUND BALANCES</b>	
Restricted	<u>20,235,249</u>
<b>Total Fund Balances</b>	<u>20,235,249</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 22,780,633</u>

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



**SOLANA BEACH SCHOOL DISTRICT  
 MEASURE JJ BOND BUILDING FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED JUNE 30, 2021**

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<b>REVENUES</b>	
Other local sources	\$ 476,769
<b>Total Revenues</b>	<u>476,769</u>
 <b>EXPENDITURES</b>	
Current	
Facilities acquisition and maintenance	29,081,956
<b>Total Expenditures</b>	<u>29,081,956</u>
 <b>NET CHANGE IN FUND BALANCE</b>	 (28,605,187)
<b>Fund Balance - Beginning</b>	<u>48,840,436</u>
<b>Fund Balance - Ending</b>	<u>\$ 20,235,249</u>

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

**SOLANA BEACH SCHOOL DISTRICT  
MEASURE JJ BOND BUILDING FUND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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

**A. Financial Reporting Entity**

The Solana Beach 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).

An oversight committee to the District’s Governing Board and Superintendent, called the Independent Citizens’ Oversight Committee (ICOC), was established pursuant to the requirements of state law and the provisions of the Measure JJ bond. The ICOC is required by state law to actively review and report on the proper expenditure of taxpayers’ money for school construction. The ICOC provides oversight and advises the public whether the District is spending the Measure JJ bond funds for school capital improvements within the scope of projects outlined in the Measure JJ bond project list. In fulfilling its duties, the ICOC reviews, among other things, the District’s annual performance and financial audits of Measure JJ activity.

The statements presented are for the individual Measure JJ Bond Building Fund of the District, consisting of the net construction proceeds of Election of 2016, Series A and Series B, as issued by the District, through the County of San Diego, and are not intended to be a complete presentation of the District’s financial position or results of operations. There are no related parties or component units included in this financial statement presentation.

**B. Basis of Accounting**

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

The financial statements are presented on the modified accrual basis of accounting. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. “Available” means the resources will be collectible 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. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

**C. 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.

**D. Interfund Balances**

Receivables and payables resulting from short-term interfund loans are classified as “Due from other funds/Due to other funds.”

**E. Accrued Liabilities**

In general, 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 fund.

**SOLANA BEACH SCHOOL DISTRICT  
MEASURE JJ BOND BUILDING FUND  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2021**

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

**F. Fund Balance**

Under GASB Statement No. 54, 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 fund balance in Measure JJ is considered restricted.

*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 regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

*Nonspendable* - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, 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.

**G. 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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements.

**H. 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.

**I. 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.

**SOLANA BEACH SCHOOL DISTRICT  
MEASURE JJ BOND BUILDING FUND  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2021**

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**NOTE 2 – CASH AND INVESTMENTS**

Cash as of June 30, 2021 consisted of \$22,736,631 deposited in the San Diego County Treasury Investment Pool.

**A. 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.

**B. 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

**SOLANA BEACH SCHOOL DISTRICT  
 MEASURE JJ BOND BUILDING FUND  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2021**

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

**C. 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 \$22,736,631, which is equal to the adjusted book value. The average weighted maturity for this pool is 613 days.

**D. 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, 2021, the pooled investments in the County Treasury were rated at least A.

**E. 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.

The District's fair value measurements at June 30, 2021 were as follows:

	<b><u>Uncategorized</u></b>
Investment in county treasury	<u>\$ 22,736,631</u>
<b>Total</b>	<u>\$ 22,736,631</u>

**SOLANA BEACH SCHOOL DISTRICT  
 MEASURE JJ BOND BUILDING FUND  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2021**

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**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2021 consisted of \$44,002 in interest earned on investments in the San Diego County Treasury.

**NOTE 4 – ACCRUED LIABILITIES**

Accrued liabilities at June 30, 2021 consisted of \$2,545,384 in construction-related liabilities.

**NOTE 5 – COMMITMENTS AND CONTINGENCIES**

**A. 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, 2021.

**B. Construction Commitments**

As of June 30, 2021, the District had the following commitments with respect to unfinished capital projects:

	<b>Remaining Construction Commitment</b>
Solana Santa Fe Elementary School	\$ 13,223,206
Solana Vista Elementary School	6,072,842
<b>Total</b>	<b>\$ 19,296,048</b>

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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

Measure JJ Independent Citizens' Oversight Committee and  
Governing Board Members of the  
Solana Beach School District  
Solana Beach, 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 Measure JJ Bond Building Fund of Solana Beach School District (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Solana Beach School District's basic financial statements of the Measure JJ Bond Building Fund, and have issued our report thereon dated February 8, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Solana Beach 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 of the Measure JJ Bond Building Fund, but not for the purpose of expressing an opinion on the effectiveness of Solana Beach School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Solana Beach 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 may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Solana Beach School District's financial statements of the Measure JJ Bond Building Fund 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  
February 8, 2022

**REPORT ON PERFORMANCE**Independent Auditors' Report

Measure JJ Independent Citizens' Oversight Committee and  
Governing Board Members of the  
Solana Beach School District  
Solana Beach, California

**Report on Performance**

We have audited Solana Beach School District's compliance with the performance audit procedures described in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810, that could have a direct and material effect on Solana Beach School District's Measure JJ Bond Building Fund for the year ended June 30, 2021, as identified below.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to local school construction bonds.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance of Solana Beach School District's Measure JJ Bond Building Fund based on our performance audit of the types of compliance requirements referred to above. We conducted our performance audit in accordance with generally accepted government auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810. Those standards require that we plan and perform the performance audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. An audit includes examining, on a test basis, evidence about Solana Beach School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that the evidence obtained in our performance audit provides a reasonable basis for our findings and conclusions based on our audit objectives. However, our audit does not provide a legal determination of Solana Beach School District's compliance with those requirements.

**Opinion on Performance**

In our opinion, Solana Beach School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the Measure JJ Bond Building Fund noted below for the year ended June 30, 2021.

## Procedures Performed

In connection with the performance audit referred to above, we selected and tested transactions and records to determine Solana Beach School District's compliance with the state laws and regulations applicable to the Financial Audit Procedures and Performance Audit Procedures over the Measure JJ Bond Building Fund. Additional agreed upon procedures relating the Measure JJ Bond Building Fund may also be included.

The results of the procedures performed and the related results are further described in the accompanying audit procedures and results section following this Report on Performance.

*Christy White, Inc.*

San Diego, California  
February 8, 2022

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## **AUDIT PROCEDURES AND RESULTS SECTION**

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**SOLANA BEACH SCHOOL DISTRICT  
MEASURE JJ BOND BUILDING FUND  
AUDIT PROCEDURES AND RESULTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**SECTION I – FINANCIAL AUDIT PROCEDURES AND RESULTS**

**Financial Statements**

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As mentioned in the Report on Financial Statements, we have issued an unmodified opinion over the financial statements of the Measure JJ Bond Building Fund as of and for the year ended June 30, 2021.

**Internal Control Evaluation**

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We tested internal controls over financial reporting and compliance with laws, regulations, or provisions of contracts or agreements and have determined through our inquiry of management and our evaluation of District processes that no significant deficiencies were noted.

**SECTION II – PERFORMANCE AUDIT PROCEDURES AND RESULTS**

**Facility Project Expenditures**

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We selected a representative sample of expenditures charged to the Measure JJ Bond Building Fund and reviewed supporting documentation to ensure funds were properly expended on specific project(s) listed in the text of the Measure JJ ballot.

We tested approximately \$26.4 million of total expenditures or 91% of current year Measure JJ Bond Building Fund expenditures for validity, allowability and accuracy and concluded that the sampled expenditures were in compliance with the terms of Measure JJ ballot language, the District approved facilities plan, and applicable state laws and regulations.

**Personnel Expenditures**

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We reviewed expenditure detail for any salaries and benefits charged to the Measure JJ Bond Building Fund in order to verify that the personnel expenditures were allowable per Opinion 04-110 issued on November 9, 2004 by the State of California Attorney General, which concluded that “a school district may use Proposition 39 school bond proceeds to pay the salaries of district employees to the extent they perform administrative oversight work on construction projects authorized by a voter approved bond measure.”

Based on our review of general ledger detail, there were no salaries or benefits charged to the Measure JJ Bond Building Fund during the year ended June 30, 2021.

**Contract Bidding Procedures**

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We reviewed a listing of contracts awarded during the year ended June 30, 2021 and performed procedures to ensure that contracts for public projects followed appropriate bidding procedures per applicable Public Contract Code. Additionally, we reviewed overall expenditures by vendor in order to determine if multiple projects under the applicable bidding threshold were identified to suggest any possible bid-splitting.

We did not note any Measure JJ construction contracts awarded during the year ended June 30, 2021. Based on our review of overall expenditures and projects by vendor, no instances or possible indications of bid-splitting were identified. The District appears to be properly reviewing projects and applying appropriate procedures over contract bidding procedures.

**SOLANA BEACH SCHOOL DISTRICT  
MEASURE JJ BOND BUILDING FUND  
AUDIT PROCEDURES AND RESULTS, continued  
FOR THE YEAR ENDED JUNE 30, 2021**

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**SECTION II – PERFORMANCE AUDIT PROCEDURES AND RESULTS (continued)**

**Change Order Procedures**

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We reviewed a listing of contracts and change orders during the year ended June 30, 2021 and selected a sample to ensure that change orders were properly approved and in accordance with District policies. Additionally, cumulative change orders for any given contract were reviewed to ensure that total change orders did not exceed ten percent of the total original contract. Change orders appear to be properly reviewed and approved by management and the governing board in accordance with District policy.

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**SCHEDULE OF FINDINGS AND  
RECOMMENDATIONS SECTION**

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**SOLANA BEACH SCHOOL DISTRICT  
 MEASURE JJ BOND BUILDING FUND  
 SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
 FOR THE YEAR ENDED JUNE 30, 2021**

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**PART I – SUMMARY OF AUDITORS’ RESULTS**

**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 the financial statements?	<u>No</u>

**PERFORMANCE AUDIT**

Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditor’s report issued on performance for local school construction bonds:	<u>Unmodified</u>

**PART II – FINANCIAL STATEMENT FINDINGS**

There were no findings related to the financial statements for the year ended June 30, 2021.

**PART III – PERFORMANCE AUDIT FINDINGS**

There were no performance audit findings or recommendations related to the Measure JJ Bond Building Fund for the year ended June 30, 2021.

**PART IV – PRIOR AUDIT FINDINGS**

There were no findings or recommendations for the year ended June 30, 2020.



**ITEM:**

**AGENDA ITEM: 8B.**

Presentation and approval of the 2020-21 Annual Report authored by the Solana Beach School District Independent Citizens' Oversight Sub-Committee

- Action**
- Consent**
- First Reading**
- Information**
- Presentation**
- Public Hearing**
- Roll Call Vote Required**
- Report**

**RECOMMENDATION:**

It is recommended that the Committee approve the 2020-21 Annual Report authored by the Solana Beach School District Independent Citizens' Oversight Sub-Committee.

**DESCRIPTION:**

The Measure JJ Independent Citizens' Oversight Committee Annual Report was authored by two of the seven Committee members. The report includes information pertaining to the composition of the Independent Citizens' Oversight Committee (ICOC), the role of an ICOC member, annual activities, and a financial report covering activity for the period ending June 30, 2021.

Attachment: Measure JJ Independent Citizens' Oversight Committee 2020-21 Annual Report

**FISCAL IMPACT:**

**MOVED BY:** \_\_\_\_\_

**SECONDED BY:** \_\_\_\_\_

**ITEM:**

**AGENDA ITEM: 9A.**

Independent Citizens' Oversight Committee discussing internal business including the Submission of Form 700 Statement of Economic Interests

- Action
- Consent
- First Reading
- Information
- Presentation
- Public Hearing
- Roll Call Vote Required
- Report

**RECOMMENDATION:**

For information and discussion only.

**DESCRIPTION:**

Solana Beach School District staff, along with Committee members, will discuss internal business including the Submission of Form 700 Statement of Economic Interests.

Current members of the Solana Beach School District's Independent Citizens Oversight Committee are required to submit Form 700 Statement of Economic Interests. Forms are due to the County of San Diego on or before April 1, 2022.

**FISCAL IMPACT:**

**MOVED BY:** \_\_\_\_\_

**SECONDED BY:** \_\_\_\_\_

**ITEM:**

Presentation of the Measure JJ Capital Programs projects and timelines

**AGENDA ITEM: 9B.**

- Action
- Consent
- First Reading
- Information
- Presentation
- Public Hearing
- Roll Call Vote Required
- Report

**RECOMMENDATION:**

For information and discussion only.

**DESCRIPTION:**

Solana Beach School District staff will present information on Measure JJ project status.

Attachment: Solana Beach School District Measure JJ Projects Timelines

**FISCAL IMPACT:**

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**MOVED BY:** \_\_\_\_\_

**SECONDED BY:** \_\_\_\_\_

## Solana Beach School District Measure JJ Projects List

Issuance A Projects (Completed)									
Time Period	Project						Total Cost		
December 2015-December 2018	Skyline School Reconstruction Project						44,990,000		
October 2016-June 2018	Earl Warren Middle School Interim Campus						817,621		
May 2016-November 2017	Solana Highlands School Modernization						8,308,487		
September 2016-December 2017	Solana Santa Fe School Shade Project-Installation of Shade Structure						81,236		
October 2016-July 2017	Solana Vista School Shade Project - Installation of Shade Structure						59,975		
Summer 2017	Solana Pacific School Solar Project						1,003,054		
November 2016 Election Voter Approval of Measure JJ \$105,000,000									
Spring 2017 First Bond Issuance	Issuance A						48,780,000		
Spring 2019 Second Bond Issuance	Issuance B						54,750,000		
<b>Total</b>							<b>\$103,530,000</b>		
Issuance B Projects									
2017	2018	2019	2020	2021	2022	2023	2024	TBD Projects	
<b>May 2017- December 2021</b> Solana Vista School Reconstruction Project Budget Revised \$40,000,000 (Board Approved November 14, 2019) Budget \$30,000,000 (Board Approved May 23, 2019)									
<b>February 2019- December 2023</b> Solana Santa Fe School Modernization/Expansion Project Budget \$26,000,000* (Board Approved November 18, 2021) *Includes: \$5,700,000 CFD 2004-1 (Fund 49); \$1,977,100 CFD 2000-1 (Fund 49); \$1,700,000 (Fund 35) Other funding resources Measure JJ \$16,622,900 Budget \$21,000,000 (Board Approved September 10, 2020) Proposed Budget \$21,000,000 Board Presentation August 13, 2020 Proposed Budget \$16,200,000 Board Presentation February 13, 2020 Proposed Budget \$8,900,000 Board Presentation November 14, 2019									
<b>Summer 2022- December 2024**</b> Carmel Creek School Modernization Project - Planning (2022-23) Carmel Creek School Modernization Project - Work (2024) Budget \$3,059,618* (Board Presentation November 14, 2019)									
<b>Summer 2022 - December 2024**</b> Solana Pacific School Enhancements Budget \$2,401,144 (Board Presentation November 14, 2019)									
*Includes Escalation Calculation November 2019 **Estimated dates									

**ITEM:**

Measure JJ financial reports on current projects

**AGENDA ITEM: 9C.**

- Action
- Consent
- First Reading
- Information
- Presentation
- Public Hearing
- Roll Call Vote Required
- Report

**RECOMMENDATION:**

For information and discussion only.

**DESCRIPTION:**

Solana Beach School District staff will present information on current projects including:

Consolidated Project Cashflows;

- Solana Vista School
  - Project Aging
  - Budget Status Report
  - Consolidated Contract Summary
- Solana Santa Fe School
  - Project Aging
  - Budget Status Report
  - Consolidated Contract Summary

**FISCAL IMPACT:**

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**MOVED BY:** \_\_\_\_\_

**SECONDED BY:** \_\_\_\_\_