Financial Statements
June 30, 2021

Ocean View School District

Ocean View School District
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Independent Auditor's Report

To the Governing Board
Ocean View School District
Huntington Beach, California

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ocean View 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 District's basic 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.

Auditor's Responsibility
Our responsibility is to express opinions 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,* issued by the Comptroller General of the United States. 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.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ocean View School Districts, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 1 and 17 to the financial statements, Ocean View School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net deficit and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, budgetary comparison information on page 61, schedule of changes in the District's total OPEB liability and related ratios on page 62, schedule of the District's proportionate share of the net OPEB liability – MPP program on page 63, schedule of the District's proportionate share of the net pension liability on page 64, and the schedule of District contributions on page 65, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ocean View School District's financial statements. The combining non-major governmental fund financial statements, Schedule of Expenditures of Federal Awards as required by 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), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining non-major governmental fund financial statements, the Schedule of Expenditures of Federal Awards, and the other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining non-major governmental fund financial statements, the Schedule of Expenditures of Federal Awards, and the other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 31, 2022 on our consideration of Ocean View School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Ocean View 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 Ocean View School District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
January 31, 2022

This section of Ocean View School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2021, with comparative information for the year ended June 30, 2020. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

The *Fund Financial Statements* include statements for the following:

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

The Primary unit of the government is the Ocean View School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

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

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

FINANCIAL HIGHLIGHTS

The District's financial status remains positive. The ending balance of the General Fund increased $3,249,722 between July 1, 2020 and June 30, 2021. The General Fund has consistently maintained a reserve for emergencies above the State mandated three (3) percent reserve.

In November 2016, the Ocean View School District community approved the General Obligation Bond Measure R. The voter ballot's language stated "Ocean View School Student Success Measure. To repair/modernize aging classrooms/school facilities including improving student safety/campus security, disabled access, deteriorating roofs, plumbing, ventilation/electrical systems, and acquire, renovate, construct, and equip classrooms, sites, facilities, labs/instructional technology to support student achievement in reading, math, arts, science, and technology." The taxpayers of the Ocean View School District approved a total of $169,000,000 to improve school facilities

Series A and B were issued for a principal amount of $87,000,000. For 2020-21, the remaining unsold series C and D have a principal amount of $82,000,000. The construction of Marine View Middle School is coming to an end and Vista View Middle School construction started by the end of 2020-21. The bond expenditures for 2020-2021 were $22,587,677 and had ending balance of $16,903,569. With the current construction commitment of Vista View Middle School exceeding the ending balance, plans were made for the sale of series C by the middle of 2021-2022.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $(9,259,206) for the fiscal year ended June 30, 2021. Of this amount, $(104,724,724) was unrestricted deficit. 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 net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2021	2020, as restated
Assets		
Current and other assets	$ 64,186,373	$ 81,324,365
Capital assets	161,419,248	144,999,949
Total assets	225,605,621	226,324,314
Deferred outflows of resources	23,200,742	24,152,425
Liabilities		
Current liabilities	14,804,244	11,869,695
Long-term liabilities	233,148,150	231,866,724
Total liabilities	247,952,394	243,736,419
Deferred inflows of resources	10,113,175	12,428,040
Net Position		
Net investment in capital assets	79,396,463	80,451,953
Restricted	16,069,055	13,405,699
Unrestricted (deficit)	(104,724,724)	(99,545,372)
Total net position (deficit)	$ (9,259,206)	$ (5,687,720)

Changes in Net Position

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

Table 2

	Governmental Activities	
	2021	2020*
Revenues		
Program revenues		
Charges for services and sales	$ 156,960	$ 389,063
Operating grants and contributions	30,753,296	18,388,416
Capital grants and contributions	8,577	95,262
General revenues		
Federal and State aid not restricted	22,839,369	28,089,725
Property taxes	53,810,700	52,185,582
Other general revenues	6,235,985	7,754,224
Total revenues	113,804,887	106,902,272
Expenses		
Instruction-related	83,452,950	76,717,140
Pupil services	8,392,480	8,800,051
Administration	7,132,590	6,796,004
Plant services	12,909,533	10,610,153
All other services	5,488,820	6,324,586
Total expenses	117,376,373	109,247,934
Change in net position	$ (3,571,486)	$ (2,345,662)

*The revenues and expenses for fiscal year 2020 were not restated to show the effects of GASB Statement No. 84 for comparative purposes.

Governmental Activities

As reported in the *Statement of Activities*, the cost of all of our governmental activities this year was $117,376,373. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $53,810,700 because the cost was paid by those who benefited from the programs ($156,960) or by other governments and organizations who subsidized certain programs with grants and contributions ($30,761,873). We paid for the remaining "public benefit" portion of our governmental activities with $22,839,369 Federal and State funds, and with other revenues, like interest and general entitlements of $6,235,985.

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

Table 3

	Total Cost of Services		Net Cost of Services	
	2021	2020*	2021	2020*
Instruction-related	$ 83,452,950	$ 76,717,140	$ (58,554,800)	$ (62,099,533)
Pupil services	8,392,480	8,800,051	(4,417,647)	(5,523,218)
Administration	7,132,590	6,796,004	(6,100,269)	(6,298,036)
Plant services	12,909,533	10,610,153	(12,434,244)	(10,442,140)
All other services	5,488,820	6,324,586	(4,950,580)	(6,012,266)
Total	$ 117,376,373	$ 109,247,934	$ (86,457,540)	$ (90,375,193)

*The revenues and expenses for fiscal year 2020 were not restated to show the effects of GASB Statement No. 84 for comparative purposes.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $50,581,499, which is a decrease of $20,116,726 from last year (Table 4).

Table 4

	Balances and Activity			
Governmental Fund	June 30, 2020 as restated	Revenues and Other Sources	Expenditures and Other Uses	June 30, 2021
General	$ 16,637,949	$ 100,993,762	$ 97,744,040	$ 19,887,671
Building	39,518,876	(27,630)	22,587,677	16,903,569
Student Activity	296,192	72,692	123,482	245,402
Child Development	157,520	2,951,484	2,752,162	356,842
Cafeteria	898,325	2,629,848	2,653,065	875,108
Capital Facilities	1,352,072	1,091,989	45,127	2,398,934
County School Facilities	4,245,840	8,576	7,377	4,247,039
Special Reserve Fund for Capital Outlay Projects	1,880,348	1,677,791	2,213,044	1,345,095
Bond Interest and Redemption	5,711,103	4,787,992	6,177,256	4,321,839
Total	$ 70,698,225	$ 114,186,504	$ 134,303,230	$ 50,581,499

The primary reasons for these changes are the following:

Our General Fund is our principal operating fund. The fund balance in the General Fund increased from $16,637,949million to $19,887,671 million. This increase is due to:

- Increase in State and Federal revenue for COVID-19
- Increase in State revenue in ongoing funding for Special Education
- Carry over waivers for categorical programs such as Title I.

Our Building Fund is our General Obligation Bond. This decrease is due to expending series B and the timing of the next sale of series C planned in the following fiscal year.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report. The primary changes in the General Fund were as follows:

- The District continued to receive additional COVID-19 funding for multiyear planning.
- The District participated the in State funded Classified School Employee Summer Assistance Program.
- Significant revenue revisions included State revenue in one-time funding for Special Education.
- Recalculation of STRS on behalf, the District's share of the State pension liability.
- Budgeted expenditures were understated due to negotiations overlapping fiscal years.
- Budget adoption does not include PTA/PTO and community business related revenue and expenses which are included in subsequent budget reports.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the District had $161,419,248 in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of $16,419,299, or 11.3 percent, from last year (Table 5).

Table 5

	Governmental Activities	
	2021	2020
Land and construction in progress	$ 72,356,904	$ 54,303,489
Buildings and improvements	85,633,750	87,707,189
Equipment	3,428,594	2,989,271
Total	$ 161,419,248	$ 144,999,949

This year's addition of $18,053,415 included Marine View Middle School Modernization, continued College View modernization, Vista View modernization planning, and fencing projects. No debt was issued for these additions.

This year's addition of equipment included new technology infrastructure, 2 maintenance trucks, Information Technology office remodel, and Oak View Security Cameras.

We present more detailed information about our capital assets in Note 4 to the financial statements.

Long-Term Liabilities

At the end of this year, the District had $101,019,040 in long-term liabilities other than OPEB and pension versus $106,848,613 last year, a net decrease of $5,829,573, or 5.5 percent. Those long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2021	2020
Long-Term Liabilities		
General obligation bonds	$ 77,480,000	$ 80,855,000
Premium on issuance of general obligation bonds	3,401,322	3,531,045
Certificates of participation	17,990,000	19,595,000
Premium on issuance of certificates of participation	86,116	120,364
Discount on issuance of certificates of participation	(31,084)	(34,537)
Supplemental early retirement plan (SERP)	1,294,600	1,941,900
Compensated absences	798,086	839,841
Total	$ 101,019,040	$ 106,848,613

We present more detailed information regarding our long-term liabilities in Note 8 of the financial statements.

At yearend, the District had an OPEB liability of $23,404,508, versus $21,384,878 last year, an increase of $2,019,630, or 9.4 percent.

We present more detailed information regarding our OPEB liability in Note 9 of the financial statements.

At year-end, the District has a net pension liability of $108,724,602 versus $103,633,233 last year, an increase of $5,091,369, or 4.9 percent.

We present more detailed information regarding our pension liability in Note 13 of the financial statements.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2020-2021 ARE NOTED BELOW:

- Brought students back to full time in person instruction.
- Continued to provide a distance learning option.
- The District provided a technology overhaul that included: infrastructure, devices, programs, and professional development.
- The District participated the in State funded Classified School Employee Summer Assistance Program.
- Planned a summer school intervention program for all students.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2021-2022 year, the governing board and management used the following criteria:

The key assumptions in our revenue forecast are provided from the Governor's Budget Workshops, School Services of California's dartboard assumptions, and reviewed by the Orange County Department of Education. The financials use the State provided SACS software and LCFF calculator.

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 Assistant Superintendent, Administrative Services, at Ocean View School District, 17200 Pinehurst Lane, Huntington Beach, California 92647.

	Governmental Activities
Assets	
Deposits and investments	$ 48,573,296
Receivables	15,441,275
Prepaid items	17,390
Stores inventories	154,412
Capital assets not depreciated	72,356,904
Capital assets, net of accumulated depreciation	89,062,344
Total assets	225,605,621
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	1,060,030
Deferred outflows of resources related to pensions	22,140,712
Total deferred outflows of resources	23,200,742
Liabilities	
Accounts payable	12,933,727
Interest payable	1,199,370
Unearned revenue	671,147
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	5,177,300
Long-term liabilities other than OPEB and pensions due in more than one year	95,841,740
Other postemployment benefits liability (OPEB)	23,404,508
Aggregate net pension liability	108,724,602
Total liabilities	247,952,394
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	2,429,596
Deferred inflows of resources related to pensions	7,683,579
Total deferred inflows of resources	10,113,175
Net Position	
Net investment in capital assets	79,396,463
Restricted for	
Debt service	3,122,469
Capital projects	7,207,672
Educational programs	4,352,958
Other activities	1,385,956
Unrestricted (deficit)	(104,724,724)
Total net position (deficit)	$ (9,259,206)

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities					
Instruction	$ 73,087,688	$ 774	$ 22,538,414	$ 8,577	$ (50,539,923)
Instruction-related activities					
Supervision of instruction	3,139,384	967	1,339,293	-	(1,799,124)
Instructional library, media, and technology	751,256	-	45,138	-	(706,118)
School site administration	6,474,622	602	964,385	-	(5,509,635)
Pupil services					
Home-to-school transportation	2,041,750	-	342,849	-	(1,698,901)
Food services	2,859,906	77,449	2,498,335	-	(284,122)
All other pupil services	3,490,824	192	1,056,008	-	(2,434,624)
Administration					
Data processing	1,099,532	-	100,436	-	(999,096)
All other administration	6,033,058	3,838	928,047	-	(5,101,173)
Plant services	12,909,533	51	475,238	-	(12,434,244)
Ancillary services	127,477	-	73,886	-	(53,591)
Community services	1,900,466	-	72,447	-	(1,828,019)
Interest on long-term liabilities	3,175,878	-	-	-	(3,175,878)
Other outgo	284,999	73,087	318,820	-	106,908
Total governmental activities	$ 117,376,373	$ 156,960	$ 30,753,296	$ 8,577	(86,457,540)
General Revenues and Subventions					
Property taxes, levied for general purposes					48,228,576
Property taxes, levied for debt service					4,751,700
Taxes levied for other specific purposes					830,424
Federal and State aid not restricted to specific purposes					22,839,369
Interest and investment earnings					56,955
Miscellaneous					6,179,030
Subtotal, general revenues and subventions					82,886,054
Change in Net Position					(3,571,486)
Net Deficit - Beginning, as restated					(5,687,720)
Net Deficit - Ending					$ (9,259,206)

Ocean View School District
Balance Sheet – Governmental Funds
June 30, 2021

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	$ 13,398,783	$ 21,182,686	$ 13,991,827	$ 48,573,296
Receivables	14,815,694	10,929	614,652	15,441,275
Due from other funds	316,623	-	-	316,623
Prepaid expenditures	-	-	17,390	17,390
Stores inventories	81,406	-	73,006	154,412
Total assets	$ 28,612,506	$ 21,193,615	$ 14,696,875	$ 64,502,996
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 8,096,580	$ 4,290,046	$ 547,101	$ 12,933,727
Due to other funds	-	-	316,623	316,623
Unearned revenue	628,255	-	42,892	671,147
Total liabilities	8,724,835	4,290,046	906,616	13,921,497
Fund Balances				
Nonspendable	134,406	-	91,396	225,802
Restricted	4,352,958	16,903,569	12,915,467	34,171,994
Assigned	574,469	-	783,396	1,357,865
Unassigned	14,825,838	-	-	14,825,838
Total fund balances	19,887,671	16,903,569	13,790,259	50,581,499
Total liabilities and fund balances	$ 28,612,506	$ 21,193,615	$ 14,696,875	$ 64,502,996

Total Fund Balance - Governmental Funds		$ 50,581,499
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 241,325,123	
Accumulated depreciation is	(79,905,875)	
Net capital assets		161,419,248
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(1,199,370)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Net other postemployment benefits (OPEB)	1,060,030	
Aggregate net pension liability	22,140,712	
Total deferred outflows of resources		23,200,742
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Other postemployment benefits (OPEB)	(2,429,596)	
Aggregate net pension liability	(7,683,579)	
Total deferred inflows of resources		(10,113,175)
Aggregate pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(108,724,602)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(23,404,508)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities at year-end consist of		
General obligation bonds	$ (77,480,000)	
Premium on issuance of general obligation bonds	(3,401,322)	
Certificates of participation	(17,990,000)	
Premium on issuance of certificates of participation	(86,116)	
Discount on issuance of certificates of participation	31,084	
Supplemental early retirement plan (SERP)	(1,294,600)	
Compensated absences (vacations)	(798,086)	
Total long-term liabilities		$ (101,019,040)
Total net deficit - governmental activities		$ (9,259,206)

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local Control Funding Formula	$ 69,243,599	$ -	$ -	$ 69,243,599
Federal sources	13,933,080	-	2,416,385	16,349,465
Other State sources	11,173,881	-	1,122,388	12,296,269
Other local sources	6,643,202	(27,630)	8,281,599	14,897,171
Total revenues	100,993,762	(27,630)	11,820,372	112,786,504
Expenditures				
Current				
Instruction	66,266,882	-	659,414	66,926,296
Instruction-related activities				
Supervision of instruction	2,885,517	-	50,853	2,936,370
Instructional library, media, and technology	701,329	-	-	701,329
School site administration	5,985,079	-	45,371	6,030,450
Pupil services				
Home-to-school transportation	1,900,589	-	-	1,900,589
Food services	142,029	-	2,536,856	2,678,885
All other pupil services	3,120,442	-	-	3,120,442
Administration				
Data processing	1,042,940	-	-	1,042,940
All other administration	5,385,349	-	317,811	5,703,160
Plant services	8,484,358	1,703,606	142,096	10,330,060
Ancillary services	4,792	-	123,482	128,274
Community services	82,388	-	1,693,601	1,775,989
Other outgo	284,999	-	-	284,999
Facility acquisition and construction	57,347	20,884,071	41,448	20,982,866
Debt service				
Principal	-	-	4,980,000	4,980,000
Interest and other	-	-	3,380,581	3,380,581
Total expenditures	96,344,040	22,587,677	13,971,513	132,903,230
Excess (Deficiency) of Revenues Over Expenditures	4,649,722	(22,615,307)	(2,151,141)	(20,116,726)
Other Financing Sources				
Transfers in	-	-	1,400,000	1,400,000
Transfers out	(1,400,000)	-	-	(1,400,000)
Net Financing Sources	(1,400,000)	-	1,400,000	-
Net Change in Fund Balances	3,249,722	(22,615,307)	(751,141)	(20,116,726)
Fund Balance - Beginning, as restated	16,637,949	39,518,876	14,541,400	70,698,225
Fund Balance - Ending	$ 19,887,671	$ 16,903,569	$ 13,790,259	$ 50,581,499

Total Net Change in Fund Balances - Governmental Funds		$ (20,116,726)
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.		
This is the amount by which capital outlays exceeds depreciation expense in the period.		
Capital outlays	$ 22,041,297	
Depreciation expense	(5,621,998)	
Net expense adjustment		16,419,299
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) and special termination benefits (early retirement) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, special termination benefits paid were more than the amount earned by $647,300. Vacation earned was less than the amount used by $41,755.		689,055
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and aggregate net pension liability during the year.		(4,707,128)
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.		(1,040,689)
Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities:		
General obligation bonds		3,375,000
Certificates of participation		1,605,000

Under the modified basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes of the following balances:	
Amortization of debt premium	$ 163,971
Amortization of debt discount	(3,453)
Interest on long-term liabilities in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	44,185
Change in net position of governmental activities	$ (3,571,486)

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Ocean View School District (the District) was organized in 1874 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades kindergarten through eighth as mandated by the State and Federal agencies. The District operates ten elementary schools and four middle schools.

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

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

Two funds currently defined as special revenue funds in the California School Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 14, Deferred Maintenance Fund, and Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, are not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds function effectively as extensions of the General Fund, and accordingly have been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of $312,340.

Building Fund The Building Fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

Non-Major Governmental Funds

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

- **Student Activity Fund** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.

- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

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

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

- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

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

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

- **Bond Interest and Redemption Fund** The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a local educational agency (*Education Code* Sections 15125-15262).

Basis of Accounting - Measurement Focus

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

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

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

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

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

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

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

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

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

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.

Prepaid Expenditures (Expenses)

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

Stores Inventories

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

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

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

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

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

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the Statement of Net Position.

Compensated Absences

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

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

Accrued Liabilities and Long-Term Liabilities

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

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

Debt Issuance Costs, Premiums and Discounts

In the government-wide financial statements, long-term liabilities are reported as liabilities in the governmental activities statement of net position. Debt premiums and discounts are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Fund Balances - Governmental Funds

As of June 30, 2021, fund balances of the governmental funds are classified as follows:

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

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

Committed – amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board. The District currently does not have any committed funds.

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

Unassigned - all other spendable amounts.

Spending Order Policy

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

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted on-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $16,069,055 of net position restricted by enabling legislation.

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. 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 column of the Statement of Activities.

Estimates

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

Property Tax

Secured property taxes attach as an enforceable lien on property as of 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 of Orange bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Change in Accounting Principles

Implementation of GASB Statement No. 84

As of July 1, 2020, the District adopted GASB Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the District resulted in a reclassification of the District's student body activities from fiduciary to governmental. The effect of the implementation of this standard on beginning fund balance and net position is disclosed in Note 17.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2021, are classified in the accompanying financial statements as follows:

Governmental activities	$ 48,573,296

Deposits and investments as of June 30, 2021, consist of the following:

Cash on hand and in banks	$ 381,358
Cash in revolving	54,000
Investments	48,137,938
Total deposits and investments	$ 48,573,296

Policies and Practices

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

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

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Orange County Treasury Investment Pool and by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District maintains an investment of $48,137,938 with the Orange County Treasury Investment Pool that has an average weighted maturity of 375 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Orange County Treasury Investment Pool has been rated Aaa by Moody's Investor Service.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does have a policy for custodial credit risk for deposits. The District's policy requires that all monies deposited in a bank account outside of County Treasury be fully insured or collateralized. The California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 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, 2021, the District did not have bank balances exposed to custodial credit risk.

Note 3 - Receivables

Receivables at June 30, 2021, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal Government				
Categorical aid	$ 6,653,152	$ -	$ 191,558	$ 6,844,710
State Government				
LCFF apportionment	5,238,853	-	-	5,238,853
Categorical aid	291,561	-	330,390	621,951
Lottery	516,095	-	-	516,095
Special education	1,583,607	-	-	1,583,607
Local Government				
Interest	190,312	10,929	4,365	205,606
Other local sources	342,114	-	88,339	430,453
Total	$ 14,815,694	$ 10,929	$ 614,652	$ 15,441,275

Note 4 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	$ 10,554,104	$ -	$ -	$ 10,554,104
Construction in progress	43,749,385	20,959,164	(2,905,749)	61,802,800
Total capital assets not being depreciated	54,303,489	20,959,164	(2,905,749)	72,356,904
Capital assets being depreciated				
Land improvements	7,184,510	-	-	7,184,510
Buildings and improvements	140,711,070	2,905,749	-	143,616,819
Furniture and equipment	17,084,757	1,082,133	-	18,166,890
Total capital assets being depreciated	164,980,337	3,987,882	-	168,968,219
Total capital assets	219,283,826	24,947,046	(2,905,749)	241,325,123
Accumulated depreciation				
Land improvements	(6,754,474)	(65,771)	-	(6,820,245)
Buildings and improvements	(53,433,917)	(4,913,417)	-	(58,347,334)
Furniture and equipment	(14,095,486)	(642,810)	-	(14,738,296)
Total accumulated depreciation	(74,283,877)	(5,621,998)	-	(79,905,875)
Governmental activities capital assets, net	$ 144,999,949	$ 19,325,048	$ (2,905,749)	$ 161,419,248

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Instruction	$ 2,777,829
Home-to-school transportation	42,165
Food services	92,763
All other pupil services	124,247
All other administration	273,229
Plant services	2,311,765
Total depreciation expenses governmental activities	$ 5,621,998

Note 5 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2021, between major and non-major governmental funds are as follows:

A balance of $193,019 is due from the Child Development Non-Major Governmental Fund to the General Fund for indirect costs.

A balance of $4,199 is due from the Child Development Non-Major Governmental Fund to the General Fund for payroll, benefits and other operating expenditures.

A balance of $116,209 is due from the Cafeteria Non-Major Governmental Fund to the General Fund for indirect costs.

A balance of $3,196 is due from the Cafeteria Non-Major Governmental Fund to the General Fund for payroll, benefits and other operating expenditures.

Operating Transfers

Interfund transfers for the year ended June 30, 2021, consisted of the following:

The General Fund transferred to the Child Development Non-Major Governmental Fund for operating contributions.	$ 1,400,000

Note 6 - Accounts Payable

Accounts payable at June 30, 2021, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Salaries and benefits	$ 1,663,900	$ -	$ 478,115	$ 2,142,015
LCFF apportionment	64,887	-	-	64,887
Supplies	453,820	6,988	38,193	499,001
Services	1,011,306	242,682	26,388	1,280,376
Capital outlay	1,184,183	4,010,206	4,086	5,198,475
Other vendor payables	3,718,484	30,170	319	3,748,973
Total	$ 8,096,580	$ 4,290,046	$ 547,101	$ 12,933,727

Note 7 - Unearned Revenue

Unearned revenue at June 30, 2021, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	$ 400,352	$ -	$ 400,352
State categorical aid	227,903	10,751	238,654
Other local	-	32,141	32,141
Total	$ 628,255	$ 42,892	$ 671,147

Note 8 - Long-Term Liabilities Other than OPEB and Pensions

Summary

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

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 80,855,000	$ -	$ (3,375,000)	$ 77,480,000	$ 2,850,000
Premium on issuance of general obligation bonds	3,531,045	-	(129,723)	3,401,322	-
Certificates of participation	19,595,000	-	(1,605,000)	17,990,000	1,680,000
Premium on issuance of certificates of participation	120,364	-	(34,248)	86,116	-
Discount on issuance of certificates of participation	(34,537)	-	3,453	(31,084)	-
Supplemental early retirement plan (SERP)	1,941,900	-	(647,300)	1,294,600	647,300
Compensated absences	839,841	-	(41,755)	798,086	-
Total	$ 106,848,613	$ -	$ (5,829,573)	$ 101,019,040	$ 5,177,300

Payments for the General Obligation Bonds will be made by the Bond Interest and Redemption Fund with local revenues. Payments for the Certificates of Participation are made by the Special Reserve Fund for Capital Outlay Projects. Compensated absences will be paid by the General Fund, Child Development Fund, and Cafeteria Fund. Supplemental early retirement plan is paid by the General Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2020	Redeemed	Bonds Outstanding June 30, 2021
5/17/2017	8/1/2016	2.00-5.00%	$ 45,000,000	$ 38,855,000	$ (3,375,000)	$ 35,480,000
2/13/2020	8/1/2049	2.00-6.00%	42,000,000	42,000,000	-	42,000,000
				$ 80,855,000	$ (3,375,000)	$ 77,480,000

2016 General Obligation Bonds, Series A

On May 17, 2017, the District issued the $45,000,000 Election of 2016 General Obligation Bonds, Series A. The Series A bonds were issued as current interest bonds. The bonds have a final maturity of August 1, 2046, with interest rates ranging from 2.00 to 5.00 percent. Proceeds from the sale of the bonds will be used to finance the repair, upgrading, acquisition, construction, equipping of District sites and facilities, and to pay the costs of issuing the bonds. At June 30, 2021, the principal balance outstanding of the 2016 General Obligation Bonds, Series A was $35,480,000. Unamortized premium as of June 30, 2021 was $1,597,097.

2016 General Obligation Bonds, Series B

On February 13, 2020, the District issued the $42,000,000 Election of 2016 General Obligation Bonds, Series B. The Series B bonds were issued as current interest bonds. The bonds have a final maturity of August 1, 2049, with interest rates ranging from 2.00 to 6.00 percent. Proceeds from the sale of the bonds will be used to finance the repair, upgrading, acquisition, construction, equipping of District sites and facilities, and to pay the costs of issuing the bonds. At June 30, 2021, the principal balance outstanding of the 2016 General Obligation Bonds, Series B was $42,000,000. Unamortized premium as of June 30, 2021 was $1,804,225.

The Bonds mature through 2050 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2022	$ 2,850,000	$ 2,683,694	$ 5,533,694
2023	2,655,000	2,530,319	5,185,319
2024	3,080,000	2,367,169	5,447,169
2025	1,075,000	2,248,244	3,323,244
2026	960,000	2,191,494	3,151,494
2027-2031	4,970,000	10,161,569	15,131,569
2032-2036	9,045,000	8,597,693	17,642,693
2037-2041	14,765,000	6,669,050	21,434,050
2042-2046	22,075,000	3,919,324	25,994,324
2047-2050	16,005,000	752,416	16,757,416
Total	$ 77,480,000	$ 42,120,972	$ 119,600,972

Certificates of Participation

The outstanding certificates of participation debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2020	Redeemed	Bonds Outstanding June 30, 2021
2/26/2010	3/1/2022	3.00-4.25%	$ 6,875,000	$ 1,100,000	$ (750,000)	$ 350,000
6/19/2014	6/1/2029	3.00-3.38%	10,720,000	8,075,000	(525,000)	7,550,000
8/26/2015	6/1/2030	3.00-4.00%	11,870,000	10,420,000	(330,000)	10,090,000
				$ 19,595,000	$ (1,605,000)	$ 17,990,000

2010 Refunding Certificates of Participation

On February 26, 2010, the District issued the 2010 Refunding Certificates of Participation in the amount of $6,875,000 with interest rates ranging from 3.0 to 4.25 percent. The 2010 Refunding Certificates of Participation have a final maturity to occur on March 1, 2022. Proceeds from the sale of the certificates were used to refund the outstanding portion of the 2002 Certificates of Participation and pay the costs associated with the execution and delivery of the certificates. As of June 30, 2021, the outstanding balance on the 2010 Refunding Certificates of Participation was $350,000. As of June 30, 2021, the unamortized premium received on issuance amounted to $17,075.

2014 Certificates of Participation

On June 19, 2014, the District issued the 2014 Certificates of Participation in the amount of $10,720,000 with interest rates ranging from 3.0 to 3.375 percent. The 2014 Certificates of Participation have a final maturity to occur on June 1, 2029. Proceeds from the sale of the certificates were used to finance the modernization of certain District schools and pay certain costs of issuance of the Certificates. As of June 30, 2021, the outstanding balance on the 2014 Certificates of Participation was $7,550,000. As of June 30, 2021, the unamortized premium received on issuance amounted to $69,041.

2015 Certificates of Participation

On August 26, 2015, the District issued the 2015 Certificates of Participation in the amount of $11,870,000 with interest rates ranging from 3.0 to 4.0 percent. The 2015 Certificates of Participation have a final maturity to occur on June 1, 2030. Proceeds from the sale of the certificates will be used to finance the modernization of certain District schools and pay certain costs of issuance of the Certificates. As of June 30, 2021, the outstanding balance on the 2015 Certificates of Participation was $10,090,000. As of June 30, 2021, the unamortized discount on issuance amounted to $31,084.

The certificates of participation mature through 2030, as follows:

Year Ending June 30,	Principal	Interest	Total
2022	$ 1,680,000	$ 529,349	$ 2,209,349
2023	1,755,000	486,025	2,241,025
2024	1,830,000	439,525	2,269,525
2025	1,890,000	391,038	2,281,038
2026	1,980,000	334,338	2,314,338
2027-2030	8,855,000	706,937	9,561,937
Total	$ 17,990,000	$ 2,887,212	$ 20,877,212

Supplemental Early Retirement Plan (SERP)

In 2017-2018 fiscal year, the District adopted the supplemental early retirement plan whereby certain eligible certificated and classified employees were provided an annuity to supplement the retirement benefits they are entitled to through the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS). The criteria for qualification are as follows: have 50 percent full-time employment with the District with five years of service with the District, certificated employees have to be at least 55 years of age by the date of retirement with five years of CalSTRS service or be at least 50 years of age by the date of retirement with 30 years of CalSTRS service, and classified employees have to be at least 50 years of age by the date of retirement with five years of CalPERS service.

Future annuity payments are as follows:

Year Ending June 30,	Amount
2022	$ 647,300
2023	647,300
Total	$ 1,294,600

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2021, amounted to $798,086.

Note 9 - Total Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2021, the District reported Total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 22,845,318	$ 1,060,030	$ 2,429,596	$ 1,563,762
Medicare Premium Payment (MPP) Program	559,190	-	-	56,896
Total	$ 23,404,508	$ 1,060,030	$ 2,429,596	$ 1,620,658

The details of each plan are as follows:

District Plan

Plan Administration

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

Plan Membership

At June 30, 2020, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	40
Active employees	570
Total	610

Benefits Provided

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

The benefit payment requirement of the Plan members and the District are established and may be amended by the District, the Ocean View Teachers Association (OVTA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, OVTA, CSEA, and the unrepresented groups. For fiscal year 2020-2021, the District paid $579,969 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $22,845,318 was measured as of June 30, 2021, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2020.

Actuarial Assumptions

The total OPEB liability as of June 30, 2021 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total OPEB liability to June 30, 2021. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.18	percent for 2021
Salary increases	2.75	percent, average, including inflation
Discount rate	2.18	percent for 2021
Healthcare cost trend rates	6.75	percent

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index.

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees.

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2020	$ 20,882,584
Service cost	1,200,431
Interest	579,745
Changes of assumptions	762,527
Benefit payments	(579,969)
Net change in total OPEB liability	1,962,734
Balance, June 30, 2021	$ 22,845,318

Changes of assumptions and other inputs reflect a change in the discount rate from 2.66 percent in 2020 to 2.18 percent in 2021.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

Discount Rate	Total OPEB Liability
1% decrease (1.18%)	$ 24,463,409
Current discount rate (2.18%)	22,845,318
1% increase (3.18%)	21,270,133

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

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

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease (5.75%)	$ 20,227,443
Current healthcare cost trend rate (6.75%)	22,845,318
1% increase (7.75%)	25,896,269

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources related to OPEB

For the year ended June 30,2021, the District recognized OPEB expense of $1,563,762. At June 30, 2021, the District reported the following OPEB related deferred outflows of resources and deferred inflows of resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience in the measurement of the total OPEB liability	$ -	$ 691,531
Changes of assumptions	1,060,030	1,738,065
Total	$ 1,060,030	$ 2,429,596

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	$ (216,414)
2023	(216,414)
2024	(216,414)
2025	(216,414)
2026	(221,389)
Thereafter	(282,521)
Total	$ (1,369,566)

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2021, the District reported a liability of $559,190 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.1320 percent, and 0.1349 percent, resulting in a net decrease in the proportionate share of 0.0029 percent.

For the year ended June 30, 2021, the District recognized OPEB expense of $56,896.

Actuarial Methods and Assumptions

The June 30, 2020 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total OPEB liability to June 30, 2020, using the assumptions listed in the following table:

Measurement Date	June 30, 2020	June 30, 2019
Valuation Date	June 30, 2019	June 30, 2018
Experience Study	June 30, 2014 through June 30, 2018	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.21%	3.50%
Medicare Part A Premium Cost Trend Rate	4.50%	3.70%
Medicare Part B Premium Cost Trend Rate	5.40%	4.10%

For the valuation as of June 30, 2019, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 294 or an average of 0.18 percent of the potentially eligible population (159,339).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2020, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2020, is 2.21 percent. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 2.21 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2020, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 1.29 percent from 3.50 percent as of June 30, 2019.

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

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

Discount Rate	Net OPEB Liability
1% decrease (1.21%)	$ 618,340
Current discount rate (2.21%)	559,190
1% increase (3.31%)	508,858

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

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 507,037
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	559,190
1% increase (5.50% Part A and 6.40% Part B)	619,228

Note 10 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	$ 53,000	$ -	$ 1,000	$ 54,000
Stores inventories	81,406	-	73,006	154,412
Prepaid expenditures	-	-	17,390	17,390
Total nonspendable	134,406	-	91,396	225,802
Restricted				
Legally restricted programs	4,352,958	-	602,244	4,955,202
Food service	-	-	783,712	783,712
Capital projects	-	16,903,569	7,207,672	24,111,241
Debt services	-	-	4,321,839	4,321,839
Total restricted	4,352,958	16,903,569	12,915,467	34,171,994
Assigned				
School site donations carryover	333,138	-	-	333,138
Deferred maintenance projects	241,331	-	-	241,331
Capital projects	-	-	783,396	783,396
Total assigned	574,469	-	783,396	1,357,865
Unassigned				
Reserve for economic uncertainties	3,004,261	-	-	3,004,261
Remaining unassigned	11,821,577	-	-	11,821,577
Total unassigned	14,825,838	-	-	14,825,838
Total	$ 19,887,671	$ 16,903,569	$ 13,790,259	$ 50,581,499

Note 11 - Lease Revenues

The District has property held for lease with a combined estimated cost of $692,495. Lease agreements have been entered into with various lessees for terms that exceed one year. None of the agreements contain purchase options. All of the agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors but is unlikely that the District will cancel any of the agreements prior to their expiration date. The future minimum lease payments expected to be received under these agreements are as follows:

Year Ending June 30,	Lease Revenue
2022	$ 2,127,387
2023	2,361,832
2024	2,394,483
2025	1,624,891
2026	1,322,191
2027-2031	2,868,454
2032-2036	2,809,375
2037-2041	3,031,250
2042-2046	3,184,375
2047-2051	3,406,250
Thereafter	12,028,750
Total	$ 37,159,238

Note 12 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2021, the District contracted with Alliance of Schools Cooperative Insurance Program Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2021, the District participated in the Western Orange County Self-Funded Workers' Compensation Insurance Agency (the Agency), a joint powers authority. The intent of the Agency is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Agency. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the Agency. Each participant pays its workers' compensation premium based on its individual rate. Participation in the Agency is limited to districts that can meet the Agency's selection criteria.

Employee Medical Benefits

The District has contracted with California Schools VEBA (CSVEBA) to provide employee health and welfare benefits. The District has also contracted with Alliance of Schools for Cooperative Insurance Premiums (ASCIP), a joint powers authority, to provide employee dental benefits. CSVEBA and ASCIP are shared risk pools comprised of several local education agencies. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

Note 13 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2021, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 73,386,486	$ 16,195,738	$ 5,314,882	$ 8,781,380
CalPERS	35,338,116	5,944,974	2,368,697	6,152,435
Total	$ 108,724,602	$ 22,140,712	$ 7,683,579	$ 14,933,815

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

The STRP provisions and benefits in effect at June 30, 2021, are summarized as follows:

	STRP Defined Benefit Program	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.15%	16.15%
Required state contribution rate	10.328%	10.328%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the District's total contributions were $6,899,588.

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

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total Net Pension Liability, Including State Share

Proportionate share of net pension liability	$ 73,386,486
State's proportionate share of the net pension liability	37,830,742
Total	$ 111,217,228

The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively was 0.0757 percent and 0.0762 percent, resulting in a net decrease in the proportionate share of 0.0005 percent.

For the year ended June 30, 2021, the District recognized pension expense of $8,781,380. In addition, the District recognized pension expense and revenue of $5,299,716 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 6,899,588	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	267,194	3,245,256
Differences between projected and actual earnings on pension plan investments	1,743,240	-
Differences between expected and actual experience in the measurement of the total pension liability	129,494	2,069,626
Changes of assumptions	7,156,222	-
Total	$ 16,195,738	$ 5,314,882

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	$ (1,063,715)
2023	593,954
2024	1,185,004
2025	1,027,997
Total	$ 1,743,240

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	$ 802,521
2023	933,243
2024	1,386,687
2025	(514,061)
2026	(259,663)
Thereafter	(110,699)
Total	$ 2,238,028

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (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 future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2020, are summarized in the following table:

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 110,876,757
Current discount rate (7.10%)	73,386,486
1% increase (8.10%)	42,432,987

California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2021, are summarized as follows:

	School Employer Pool (CalPERS)	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	20.70%	20.70%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the total District contributions were $3,327,099.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $35,338,116. The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively was 0.1152 percent and 0.1193 percent, resulting in a net decrease in the proportionate share of 0.0041 percent.

For the year ended June 30, 2021, the District recognized pension expense of $6,152,435. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 3,327,099	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	2,368,697
Differences between projected and actual earnings on pension plan investments	735,627	-
Differences between expected and actual experience in the measurement of the total pension liability	1,752,662	-
Changes of assumptions	129,586	-
Total	$ 5,944,974	$ 2,368,697

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	$ (275,288)
2023	245,546
2024	426,800
2025	338,569
Total	$ 735,627

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	$ 279,315
2023	(344,089)
2024	(382,946)
2025	(38,729)
Total	$ (486,449)

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of scale MP-2016.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 50,804,986
Current discount rate (7.15%)	35,338,116
1% increase (8.15%)	22,501,390

Tax Deferred Annuity/Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $4,281,333 (10.328 percent of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 14 - Commitments and Contingencies

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2021.

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.

Construction Commitments

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

Capital Project	Remaining Construction Commitment	Expected Date of Completion
College View ES - Modernization	$ 177,000	December 2021
Harbour View ES - HVAC	432,115	December 2021
Marine View MS - Modernization	10,925,500	September 2022
Vista View MS - Modernization	25,000,000	September 2023
Total	$ 36,534,615	

Note 15 - Participation in Public Entity Risk Pools, Joint Powers Authorities and Other Related Party Transactions

The District is a member of the Western Orange County Self-Funded Workers' Compensation Agency, California Schools VEBA, and the Alliance of Schools for Cooperative Insurance Programs Joint Powers Authority public entity risk pools. The District pays an annual premium to each entity for its workers' compensation, and property/liability, and health and welfare benefits coverage. The relationships between the District and the pools are such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2021, the District made payments of $988,676, $6,902,899, and $1,614,675 to the West Orange County Self-Funded Workers' Compensation Agency, California Schools VEBA, and Alliance of Schools for Cooperative Insurance Programs Joint Powers Authority, respectively, for annual premium payments.

Note 16 - Subsequent Events

2016 General Obligation Bonds, Series C

On October 20, 2021, the District issued the $55,000,000 Election of 2016 General Obligation Bonds, Series C. The Series C bonds were issued as current interest bonds. The bonds have a final maturity of August 1, 2050, with interest rates ranging from 2.125 to 5.00 percent. Proceeds from the sale of the bonds will be used to finance the repair, upgrading, acquisition, construction, equipping of District sites and facilities, and to pay the costs of issuing the bonds.

Note 17 - Restatement of Prior Year Net Deficit and Fund Balance

As of July 1, 2020, the Ocean View School District adopted GASB Statement No. 84, *Fiduciary Activities* (GASB 84). As a result of the implementation of GASB 84. The District has reclassified its associated student body activity previously reported as fiduciary funds to a governmental fund – Student Activity Fund. The following table describes the effects of the implementation on beginning fund balance and net deficit:

	Non-Major Governmental Funds	Total Governmental Funds
Beginning Fund Balance previously reported at June 30, 2020		
Fund Balance - Beginning	$ 14,245,208	$ 70,402,033
Reclassification of student activity from agency funds to a special revenue fund	296,192	296,192
Fund Balance - Beginning as Restated July 1, 2020	$ 14,541,400	$ 70,698,225
Governmental Activities Financial Statements		
Beginning Governmental Activities Net Deficit previously reported at June 30, 2020		$ (5,983,912)
Reclassification of student activity from agency funds to a special revenue fund		296,192
Net Deficit - Beginning as Restated July 1, 2020		$ (5,687,720)

Required Supplementary Information
June 30, 2021

Ocean View School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$63,688,704	$69,243,600	$ 69,243,599	$ (1)
Federal sources	4,204,557	13,827,548	13,933,080	105,532
Other State sources	6,049,393	10,953,866	11,173,881	220,015
Other local sources	5,872,477	5,857,818	6,643,202	785,384
Total revenues [1]	79,815,131	99,882,832	100,993,762	1,110,930
Expenditures				
Current				
Certificated salaries	39,392,156	40,952,477	42,937,323	(1,984,846)
Classified salaries	15,001,670	15,214,002	15,633,627	(419,625)
Employee benefits	21,854,614	22,821,636	22,916,780	(95,144)
Books and supplies	1,653,457	6,288,984	5,227,295	1,061,689
Services and operating expenditures	6,659,272	9,926,604	8,410,658	1,515,946
Other outgo	186,114	253,023	(24,229)	277,252
Capital outlay	39,653	1,792,508	1,242,586	549,922
Total expenditures [1]	84,786,936	97,249,234	96,344,040	905,194
Excess (Deficiency) of Revenues Over Expenditures	(4,971,805)	2,633,598	4,649,722	2,016,124
Other Financing Sources (Uses)				
Transfers out	-	(1,698,830)	(1,400,000)	298,830
Net Change in Fund Balances	(4,971,805)	934,768	3,249,722	2,314,954
Fund Balance - Beginning	16,637,949	16,637,949	16,637,949	-
Fund Balance - Ending	$ 11,666,144	$ 17,572,717	$ 19,887,671	$ 2,314,954

[1] Due to the consolidation of Fund 14, Deferred Maintenance Fund and Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures, however are not included in the original and final General Fund budgets.

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	$ 1,200,431	$ 1,009,057	$ 1,003,367	$ 1,058,553
Interest	579,745	663,170	669,604	661,107
Differences between expected and actual experience in the measurement of the total OPEB liability	-	(903,983)	-	1,847,041
Changes of assumptions	762,527	(2,272,032)	354,883	274,835
Benefit payments	(579,969)	(743,090)	(724,615)	(459,130)
Net change in total OPEB liability	1,962,734	(2,246,878)	1,303,239	3,382,406
Total OPEB Liability - Beginning	$ 20,882,584	$ 23,129,462	$ 21,826,223	$ 18,443,817
Total OPEB Liability - Ending	$ 22,845,318	$ 20,882,584	$ 23,129,462	$ 21,826,223
Covered Payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

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

Year ended June 30,	2021	2020	2019	2018
Proportion of the net OPEB liability	0.1320%	0.1349%	0.1358%	0.1409%
Proportionate share of the net OPEB liability	559,190	$ 502,294	$ 519,821	$ 592,737
Covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

Ocean View School District

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

Year Ended June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
CalSTRS							
Proportion of the net pension liability	0.0757%	0.0762%	0.0757%	0.0778%	0.0806%	0.0837%	0.0836%
Proportionate share of the net pension liability	$ 73,386,486	$ 68,862,904	$ 69,538,654	$ 71,969,514	$ 65,203,930	$ 56,334,655	$ 48,824,373
State's proportionate share of the net pension liability	37,830,742	37,569,311	39,814,132	42,576,556	37,119,434	29,794,822	29,482,264
Total	$ 111,217,228	$ 106,432,215	$ 109,352,786	$ 114,546,070	$ 102,323,364	$ 86,129,477	$ 78,306,637
Covered payroll	$ 41,098,047	$ 40,215,018	$ 40,347,263	$ 40,833,188	$ 39,393,075	$ 37,924,471	$ 37,497,499
Proportionate share of the net pension liability as a percentage of its covered payroll	178.56%	171.24%	172.35%	176.25%	165.52%	148.54%	130.21%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS							
Proportion of the net pension liability	0.1152%	0.1193%	0.1258%	0.1266%	0.1299%	0.1364%	0.1370%
Proportionate share of the net pension liability	$ 35,338,116	$ 34,770,329	$ 33,531,043	$ 30,221,356	$ 25,660,835	$ 20,112,330	$ 15,558,329
Covered payroll	$ 16,605,694	$ 16,458,615	$ 16,807,939	$ 15,428,298	$ 15,574,399	$ 15,147,003	$ 15,147,003
Proportionate share of the net pension liability as a percentage of its covered payroll	212.81%	211.26%	199.50%	195.88%	164.76%	132.78%	102.72%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2021	2020	2019	2018	2017	2016	2015
CalSTRS							
Contractually required contribution	$ 6,899,588	$ 7,027,766	$ 6,547,005	$ 5,822,110	$ 5,136,815	$ 4,226,877	$ 3,367,693
Less contributions in relation to the contractually required contribution	6,899,588	7,027,766	6,547,005	5,822,110	5,136,815	4,226,877	3,367,693
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 42,721,907	$ 41,098,047	$ 40,215,018	$ 40,347,263	$ 40,833,188	$ 39,393,075	$ 37,924,471
Contributions as a percentage of covered payroll	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS							
Contractually required contribution	$ 3,327,099	$ 3,274,809	$ 2,972,755	$ 2,610,441	$ 2,142,682	$ 1,845,099	$ 1,783,241
Less contributions in relation to the contractually required contribution	3,327,099	3,274,809	2,972,755	2,610,441	2,142,682	1,845,099	1,783,241
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 16,072,942	$ 16,605,694	$ 16,458,615	$ 16,807,939	$ 15,428,298	$ 15,574,399	$ 15,147,003
Contributions as a percentage of covered payroll	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and provisions of the California Education Code. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

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

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

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

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

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The discount rate changed from 2.66% in 2020 to 2.18% in 2021.

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

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

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 3.50% to 2.21% since the previous valuation.

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

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

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

Schedule of District Contributions

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

Supplementary Information
June 30, 2021

Ocean View School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of the Treasury			
Passed Through California Department of Education (CDE)			
COVID-19: Coronavirus Relief Fund: Learning Loss Mitigation	21.019	25516	$ 4,132,301
Total U.S. Department of Treasury			4,132,301
U.S. Department of Education			
Passed Through CDE			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	981,101
School Improvement Funding for LEAs	84.010	15438	141,367
Subtotal			1,122,468
Title III, Immigrant Student Program	84.365	15146	27,920
Title III, English Learner Student Program	84.365	14346	169,700
Subtotal			197,620
COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	1,181,086
COVID-19: Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	4,441,574
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425D	15559	803,078
COVID-19: Governor's Emergency Education Relief Fund: Learning Loss Mitigation	84.425C	15517	13,364
COVID-19: CARES Act Supplemental Meal Reimbursement	84.425D	15535	123,425
Subtotal			6,562,527
Title II, Part A, Supporting Effective Instruction	84.367	14341	235,352
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	146,979

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Passed Through West Orange County Consortium for Special Education			
Special Education Cluster (IDEA)			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	$ 1,542,413
Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	27,850
Preschool Grants, Part B, Sec 619	84.173	13430	88,276
Preschool Staff Development, Part B, Sec 619	84.173A	13431	719
Subtotal Special Education Cluster (IDEA)			1,659,258
Total U.S. Department of Education			9,924,204
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
School Programs (NSL Sec 11)	10.555	13524	1,044,283
School Programs (NSL Sec 4)	10.555	13523	137,924
School Programs (School Breakfast Needy)	10.553	13526	775,903
Commodities	10.555	13524	258,972
Subtotal Child Nutrition Cluster			2,217,082
Child Care Food Program (CCFP) Claims-Centers and Family Day Care Homes (Meal Reimbursements)	10.558	13393	16,894
Total U.S. Department of Agriculture			2,233,976
Total Federal Financial Assistance			$ 16,290,481

ORGANIZATION

The Ocean View School District was established in 1874, serving grades kindergarten through eighth. Th District operates ten elementary schools and four middles schools. The District occupies the northern regions of Huntington Beach and small segments of Westminster, Midway City, and Fountain Valley. There are no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Ms. Patricia Singer	President	2022
Mr. Jack Souders	Vice President	2022
Ms. Gina Clayton-Tarvin	Clerk	2024
Mr. John Briscoe	Member	2022
Mr. Norm Westwell	Member	2024

ADMINISTRATION

Dr. Carol Hansen	Superintendent
Dr. Michael Conroy	Deputy Superintendent, Administrative Services
Mr. Felix Avila	Associate Superintendent, Human Resources
Ms. Julianne Hoefer	Assistant Superintendent, Educational Services

Grade Level	Number of Actual Days: Traditional Calendar	Number of Actual Days: Multitrack Calendar	Number of Days Credited From J-13A	Total Days Offered	Status
Kindergarten	180	N/A	-	180	Complied
Grades 1 - 3					
Grade 1	180	N/A	-	180	Complied
Grade 2	180	N/A	-	180	Complied
Grade 3	180	N/A	-	180	Complied
Grades 4 - 6					
Grade 4	180	N/A	-	180	Complied
Grade 5	180	N/A	-	180	Complied
Grade 6	180	N/A	-	180	Complied
Grades 7 - 8					
Grade 7	180	N/A	-	180	Complied
Grade 8	180	N/A	-	180	Complied

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2021.

	(Budget) 2022 [1]	2021	2020	2019
General Fund [3]				
Revenues	$ 94,654,166	$ 100,992,286	$ 91,774,759	$ 95,027,110
Expenditures	90,187,244	95,958,406	89,036,208	92,344,724
Other uses and transfers out	250,000	1,650,000	250,000	250,000
Total Expenditures and Other Uses	90,437,244	97,608,406	89,286,208	92,594,724
Increase/(Decrease) in Fund Balance	4,216,922	3,383,880	2,488,551	2,432,386
Ending Fund Balance	$ 23,792,253	$ 19,575,331	$ 16,191,451	$ 13,702,900
Available Reserves [2]	$ 12,616,730	$ 14,825,838	$ 2,645,515	$ 2,738,026
Available Reserves as a Percentage of Total Outgo [4]	13.95%	15.19%	2.96%	3.08%
Long-Term Liabilities	N/A	$ 233,148,150	$ 231,866,724	$ 194,522,318
K-12 Average Daily Attendance at P-2	6,954	7,464	7,464	7,737

The General Fund balance has increased by $5,872,431 over the past two years. The fiscal year 2021-2022 budget projects an increase of $4,216,922 (21.5 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in the past three years and the District anticipates incurring an operating surplus during the 2021-2022 fiscal year. Total long-term liabilities have increased by $38,625,832 over the past two years.

Average daily attendance has decreased by 273 over the past two years. Additional decline of 510 ADA is anticipated during fiscal year 2021-2022.

[1] Budget 2022 is included for analytical purposes only and has not been subjected to audit.
[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund and the Special Reserve Fund for Other Than Capital Outlay Projects.
[3] General Fund amounts do not include activity related to the consolidation of the Fund 14, Deferred Maintenance Fund and Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects as required by GASB Statement No. 54.
[4] On behalf payments of $1,316,320 and $3,640,115, relating to the Senate Bill 90, have been excluded from the calculation of available reserve for the fiscal years ending June 30, 2020 and June 30, 2019, respectively.

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds
Assets								
Deposits and investments	$ 245,402	$ 520,485	$ 914,279	$ 2,390,785	$ 4,245,038	$ 1,357,440	$ 4,318,398	$ 13,991,827
Receivables	-	359,434	236,969	8,395	2,052	4,361	3,441	614,652
Prepaid expenditures	-	-	17,390	-	-	-	-	17,390
Stores inventories	-	-	73,006	-	-	-	-	73,006
Total assets	$ 245,402	$ 879,919	$ 1,241,644	$ 2,399,180	$ 4,247,090	$ 1,361,801	$ 4,321,839	$ 14,696,875
Liabilities and Fund Balances								
Liabilities								
Accounts payable	$ -	$ 299,657	$ 247,131	$ 246	$ 51	$ 16	$ -	$ 547,101
Due to other funds	-	197,218	119,405	-	-	-	-	316,623
Unearned revenue	-	26,202	-	-	-	16,690	-	42,892
Total liabilities	-	523,077	366,536	246	51	16,706	-	906,616
Fund Balances								
Nonspendable	-	-	91,396	-	-	-	-	91,396
Restricted	245,402	356,842	783,712	2,398,934	4,247,039	561,699	4,321,839	12,915,467
Assigned	-	-	-	-	-	783,396	-	783,396
Total fund balances	245,402	356,842	875,108	2,398,934	4,247,039	1,345,095	4,321,839	13,790,259
Total liabilities and fund balances	$ 245,402	$ 879,919	$ 1,241,644	$ 2,399,180	$ 4,247,090	$ 1,361,801	$ 4,321,839	$ 14,696,875

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Non-Major Governmental Funds
Revenues								
Federal sources	$ -	$ 58,984	$ 2,357,401	$ -	$ -	$ -	$ -	$ 2,416,385
Other State sources	-	906,329	191,828	-	-	-	24,231	1,122,388
Other local sources	72,692	586,171	80,619	1,091,989	8,576	1,677,791	4,763,761	8,281,599
Total revenues	72,692	1,551,484	2,629,848	1,091,989	8,576	1,677,791	4,787,992	11,820,372
Expenditures								
Current								
Instruction	-	659,414	-	-	-	-	-	659,414
Instruction-related activities								
Supervision of instruction	-	50,853	-	-	-	-	-	50,853
Instructional library, media, School site administration	-	45,371	-	-	-	-	-	45,371
Pupil services								
Food services	-	-	2,536,856	-	-	-	-	2,536,856
Administration								
All other administration	-	193,020	116,209	8,582	-	-	-	317,811
Plant services	-	109,903	-	-	2,474	29,719	-	142,096
Ancillary services	123,482	-	-	-	-	-	-	123,482
Community services	-	1,693,601	-	-	-	-	-	1,693,601
Facility acquisition and construction	-	-	-	36,545	4,903	-	-	41,448
Debt service								
Principal	-	-	-	-	-	1,605,000	3,375,000	4,980,000
Interest and other	-	-	-	-	-	578,325	2,802,256	3,380,581
Total expenditures	123,482	2,752,162	2,653,065	45,127	7,377	2,213,044	6,177,256	13,971,513
Excess (Deficiency) of Revenues Over Expenditures	(50,790)	(1,200,678)	(23,217)	1,046,862	1,199	(535,253)	(1,389,264)	(2,151,141)
Other Financing Sources								
Transfers in	-	1,400,000	-	-	-	-	-	1,400,000
Net Change in Fund Balances	(50,790)	199,322	(23,217)	1,046,862	1,199	(535,253)	(1,389,264)	(751,141)
Fund Balance - Beginning, as restated	296,192	157,520	898,325	1,352,072	4,245,840	1,880,348	5,711,103	14,541,400
Fund Balance - Ending	$ 245,402	$ 356,842	$ 875,108	$ 2,398,934	$ 4,247,039	$ 1,345,095	$ 4,321,839	$ 13,790,259

See Notes to Supplementary Information

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Ocean View School District (the District) under programs of the federal government for the year ended June 30, 2021. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Ocean View School District, it is not intended to and does not present the net position of the District.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

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

Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2021, the District did not report any commodities in inventory.

SEFA Reconciliation

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts consist primarily of the COVID-19: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend funds have been recorded in the current period as revenues that have not been expended as of June 30, 2021. These unspent balances are reported as legally restricted ending balances within the General Fund.

	Federal Financial Assistance Listing/Federal CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures, and Changes in Fund Balances:		$ 16,349,465
COVID-19: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend	93.575	(58,984)
Total Federal Financial Assistance		$ 16,290,481

Local Education Agency Organization Structure

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

Schedule of Instructional Time

This schedule presents information on the number of instructional days offered by the District and whether the District complied with the provisions of *Education Code* Section 43504.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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

Independent Auditor's Reports
June 30, 2021

Ocean View School District

EideBailly

CPAs & BUSINESS ADVISORS

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

To the Governing Board
Ocean View School District
Huntington Beach, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ocean View School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Ocean View School District's basic financial statements and have issued our report thereon dated January 31, 2022.

Emphasis of Matter – Change in Accounting Principle
As discussed in Notes 1 and 17 to the financial statements, Ocean View School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net deficit and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered Ocean View 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 Ocean View School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Ocean View 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 Ocean View 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*.

We noted certain matters that we reported to management of Ocean View School District in a separate letter dated January 31, 2022.

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.

Eide Bailly LLP

Rancho Cucamonga, California
January 31, 2022

EideBailly

CPAs & BUSINESS ADVISORS

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

To the Governing Board
Ocean View School District
Huntington Beach, California

Report on Compliance for Each Major Federal Program

We have audited Ocean View School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Ocean View School District's major federal programs for the year ended June 30, 2021. Ocean View 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Ocean View School District's major federal programs based on our audit of the types of compliance requirements referred to above. 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Ocean View School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for each major federal program. However, our audit does not provide a legal determination of Ocean View School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Ocean View 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, 2021.

Report on Internal Control over Compliance

Management of Ocean View School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Ocean View School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Ocean View School District's internal control over compliance.

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
January 31, 2022

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

To the Governing Board
Ocean View School District
Huntington Beach, California

Report on State Compliance

We have audited Ocean View School District's (the District) compliance with the types of compliance requirements described in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2021.

Management's Responsibility

Management is responsible for compliance with the state laws and regulations as identified in the table below.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit 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 the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the District's compliance.

Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with laws and regulations applicable to the following items:

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Charter School Facility Grant Program	No, see below

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

The District does not offer an Apprenticeship Program; therefore, we did not perform procedures related to the Apprenticeship: Related and Supplemental Instruction Program.

The District did not elect to operate as a District of Choice; therefore, we did not perform procedures related to the District of Choice Program.

The District did not have any expenditures related to California Clean Energy Jobs Act nor was the District required to file any final project completion report during the fiscal year; therefore, we did not perform procedures related to the California Clean Energy Jobs Act.

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

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

Unmodified Opinion
In our opinion, Ocean View School District complied, in all material respects, with the laws and regulations of the state programs referred to above for the year ended June 30, 2021.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.* Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
January 31, 2022

Schedule of Findings and Questioned Costs
June 30, 2021

Ocean View School District

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

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

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing/ Federal CFDA Number
Special Education Cluster (IDEA)	84.027, 84.173, 84.173A
COVID-19: Coronavirus Relief Fund: Learning Loss Mitigation	21.019
COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D
COVID-19: Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425D
COVID-19: Governor's Emergency Education Relief Fund: Learning Loss Mitigation	84.425C
COVID-19: CARES Act Supplemental Meal Reimbursement	84.425D

Dollar threshold used to distinguish between type A and type B programs	$750,000
Auditee qualified as low-risk auditee?	Yes

State Compliance

Type of auditor's report issued on compliance for programs	Unmodified

None reported.

None reported.

None reported.

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

State Compliance Findings

After School Education and Safety Program

2020-001 40000

Criteria or Specific Requirements

According to the California *Education Code* Section 8482.4(c)(1), a district that receives state funding for an after-school program must report attendance to the California Department of Education (CDE) semiannually. Such reporting must be supported by attendance records supporting student participation.

Condition

The District compiles monthly summaries of student attendance for submission to the CDE. However, in reviewing the monthly summary totals for the first semi-annual reporting period, it was noted that for the monthly totals as summarized did not agree with what was reported on the semi-annual report. The CDE report for the second semi-annual report shows 5,212 students served for Oak View Elementary School. In contrast, the monthly summary totals for July through December 2019 shows 4,866 students served for Oak View Elementary School. This resulted in the District overclaiming the number of students served by 346.

Questioned Costs

Under the provisions of the program, there are no questioned costs associated with this condition. However, the number of students served appears overstated by 346 students for the first semi-annual reporting period.

Context

The attendance condition was identified when the auditor selected one semi-annual reporting period dated July 2019 to December 2019. Auditor reviewed monthly summaries for the same period noting multiple exceptions as noted above.

Effect

In addition, the District was not compliant with *Education Code* Section 8482.4(c)(1) for the 2019-2020 fiscal year, since the number of students served as reported to the CDE is overstated when compared to supporting records.

Cause

The attendance condition appears to have resulted from inconsistent procedures utilized to track student attendance.

Repeat Finding

No.

Recommendation

For accurate attendance reporting, the District should review procedures used to report the number of students served to the CDE to methods are consistent to allow for accurate reporting. Procedures for attendance should include an independent review of the sign out sheets, monthly summaries, and semi-annual reports prior to submitting them to the CDE.

Current Status

Not applicable, as the compliance requirement was not required to be tested in the current year.

Unduplicated Local Control Funding Formula Pupil Counts

2020-002 40000

Criteria or Specific Requirements

California *Education Code* Section 42238.02(b)(4) states that the school districts should revise their submitted data on English learner, foster youth, and free or reduced-price meal eligible pupil counts to ensure the accuracy of data reflected in the California Longitudinal Pupil Achievement Data System (CALPADS).

Condition

The Unduplicated Local Control Funding Formula Pupil Counts submitted to the California Department of Education was inaccurate. It appears that the District inaccurately reported eligibility for a total of six students for Free or Reduced-Price Meals on CALPADS Form 1.18 - FRPM/English Learner/Foster Youth Student List.

Questioned Costs

The District over claimed the total eligible pupils by six, resulting in a decrease of approximately $3,797 in LCFF funding. The estimated penalties were calculated using the California Department of Education's Audit Penalty Calculator.

Context

The condition identified was determined through a selection of students from Form 1.18 based on the criteria as stated on the 2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting, Part W. Unduplicated Local Control Funding Formula Pupil Counts, 1.a: "Select a representative sample, to achieve a high level of assurance, from the students indicated as only free or reduced priced meal eligible (FRPM) identified under the "NSLP Program" column (which means students are indicated as a "No" under the "Direct Certification" column, a "No" under the "Homeless" column, blank under the "Migrant Ed Program" column, a "No" under "Foster" column, and "181-Free" or "182-Reduced" under the "NSLP Program" column) and verify there is a supporting documentation such as a Free and Reduced Price Meal (FRPM) eligibility application under a federal nutrition program, an alternative household income data collection form that indicates the student was eligible for the designation, or a direct certification list obtained from the county welfare department, or COE, that matches enrolled students against those children/households receiving CalFresh (or CALWORKs) benefits."

The auditor inquired further with the District and determined that the District did not make changes to students' eligibility for those students whose status should have been updated based on nutrition services records. The District extracted the eligibility status for fiscal year 2019-2020 and compared it to the status report on CALPADS Form 1.18. The comparison resulted in a decrease of six eligible pupils. The auditor obtained a copy of this list and confirmed that the exceptions noted in our original testing were in fact noted on the list as having a change in status, yet the change was not made. This list noted a total of six students whose status should have been changed in CALPADS.

Effect

The District does not appear to be in compliance with *Education Code* Section 42238.02(b)(4). In addition, the District appears to be over claiming the total FRPM eligible pupil by six for a decrease in funding of approximately $3,797. The schedule below shows the District-wide exceptions:

	Enrollment Count	Certified Total Unduplicated Count	Adjustment to Total Enrollment Count	Adjustment Based on Eligibility for FRPM	Adjusted Total Enrollment	Adjusted Total Unduplicated Pupil Count
District-Wide	7,721	4,334	0	(6)	7,721	4,328

Cause

It appears that the condition identified has materialized as a result of the District not updating the status for students whose eligibility changed based on nutrition services records from free/reduced to paid or paid to free/reduced.

Repeat Finding

No.

Recommendation

The District should emphasize the importance of completing the Form 1.18 accurately, which would include ensuring that all changes are accurately and timely updated based on new eligibility documentation received.

Current Status

Implemented.

EideBailly

CPAs & BUSINESS ADVISORS

Management
Ocean View School District
Huntington Beach, California

In planning and performing our audit of the financial statements of Ocean View School District (the District) for the year ended June 30, 2021, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated January 31, 2022, on the government-wide financial statements of the District.

Associated Student Body (ASB)

Mesa View Middle School

Observations

1. One of five disbursements tested was not approved prior to transactions taking place. This could potentially lead to spending in excess of available funds. Additionally, expenditures of a questionable nature could arise if disbursements are not pre-approved.
2. Five of five disbursement checks tested did not have the required two signatures on the checks. This could potentially lead to expenditures of a questionable nature.

Recommendations

1. In order to ensure proper internal controls over the ASB disbursements, the ASB should ensure that all disbursement transactions are pre-approved by authorized administrative personnel and the student council. This would allow the reviewing administrator and/or the student council to determine if the proposed activities are appropriate and to determine if sufficient funding is available to finance the activities or the purchases.
2. In order to ensure proper internal controls over the ASB disbursements, the site should ensure all disbursement checks are signed by two individuals. This would protect the ASB from unauthorized use of checks.

We will review the status of the current year comments during our next audit engagement.

Eide Bailly LLP

Rancho Cucamonga, California
January 31, 2022

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