Financial Statements
June 30, 2020

Ocean View School District

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CPAs & BUSINESS ADVISORS

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, 2020, 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.

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

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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 District, as of June 30, 2020, 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.

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 13, budgetary comparison information on page 70, schedule of changes in the District's total OPEB liability and related ratios on page 71, schedule of the District's proportionate share of the net OPEB liability – MPP program on page 72, schedule of the District's proportionate share of the net pension liability on page 73, and the schedule of District contributions on page 74, 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 and individual nonmajor 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 and individual nonmajor 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 and individual nonmajor 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 14, 2021 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 14, 2021

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, 2020, with comparative information for the year ended June 30, 2019. 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) and deferred outflows of resources, as well as all liabilities (including long-term liabilities) and deferred inflows of resources. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

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

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

THE DISTRICT AS A TRUSTEE

Reporting the Districts Fiduciary Responsibilities

The District is the trustee, or fiduciary, for funds held on behalf of others, like our funds for associated student body activities. The District’s fiduciary activities are reported in the *Statements of Net Position – Fiduciary Funds*. We exclude these activities from the District’s other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

FINANCIAL HIGHLIGHTS

The District's financial status remains positive. The ending balance of the General Fund increased $2,313,556 between July 1, 2019 and June 30, 2020. 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 that “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. For fiscal year 2019-20 Series A was fully expended, and Series B was issued for a principal amount of $42,000,000. For fiscal year 2019-2020 project expenditures were $24,868,809 with future construction commitments of $4,627,412.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $(5,983,912) for the fiscal year ended June 30, 2020. Of this amount, $(99,545,372) was unrestricted. 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	
	2020	2019
Assets		
Current and other assets	$ 81,028,173	$ 65,565,825
Capital assets	144,999,949	118,752,958
Total assets	226,028,122	184,318,783
Deferred outflows of resources	24,152,425	26,925,483
Liabilities		
Current liabilities	11,869,695	11,768,960
Long-term liabilities	231,866,724	194,522,318
Total liabilities	243,736,419	206,291,278
Deferred inflows of resources	12,428,040	8,591,238
Net Position		
Net investment in capital assets	80,451,953	75,968,069
Restricted	13,109,507	18,147,182
Unrestricted	(99,545,372)	(97,753,501)
Total net position	$ (5,983,912)	$ (3,638,250)

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	
	2020	2019
Revenues		
Program revenues		
Charges for services	$ 389,063	$ 804,914
Operating grants and contributions	18,388,416	19,609,074
Capital grants and contributions	95,262	162,396
General revenues		
Federal and State aid not restricted	28,089,725	28,751,473
Property taxes	52,185,582	50,806,804
Other general revenues	7,754,224	13,973,535
Total revenues	106,902,272	114,108,196
Expenses		
Instruction-related	76,717,140	74,505,673
Pupil services	8,800,051	9,121,140
Administration	6,796,004	6,873,698
Plant services	10,610,153	12,044,482
Other	6,324,586	10,188,247
Total expenses	109,247,934	112,733,240
Change in net position	$ (2,345,662)	$ 1,374,956

Governmental Activities

As reported in the *Statement of Activities*, the cost of all of our governmental activities this year was $109,247,934. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $52,185,582 because the cost was paid by those who benefited from the programs ($389,063) or by other governments and organizations who subsidized certain programs with grants and contributions ($18,483,678). We paid for the remaining "public benefit" portion of our governmental activities with 28,089,725 Federal and State funds, and with other revenues, like interest and general entitlements of $7,754,224.

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	
	2020	2019	2020	2019
Instruction	$ 76,717,140	$ 74,505,673	$ (62,099,533)	$ (59,522,780)
Pupil services	8,800,051	9,121,140	(5,523,218)	(5,085,126)
Administration	6,796,004	6,873,698	(6,298,036)	(6,339,623)
Plant services	10,610,153	12,044,482	(10,442,140)	(11,441,638)
All other services	6,324,586	10,188,247	(6,012,266)	(9,767,689)
Total	$ 109,247,934	$ 112,733,240	$ (90,375,193)	$ (92,156,856)

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of 70,402,033, which is an increase of $15,838,682 from last year (Table 4).

Table 4

	Balances and Activity			
Governmental Fund	June 30, 2019	Revenues and Other Financing Sources	Expenditures	June 30, 2020
General	$ 14,324,393	$ 91,781,468	$ 89,467,912	$ 16,637,949
Building	21,632,456	42,755,229	24,868,809	39,518,876
Child Development	749,064	2,949,321	3,540,865	157,520
Cafeteria	1,405,931	2,424,560	2,932,166	898,325
Capital Facilities	4,220,498	1,261,439	4,129,865	1,352,072
County School Facilities	6,180,337	95,262	2,029,759	4,245,840
Special Reserve Fund for Capital Outlay Projects	2,575,505	2,356,365	3,051,522	1,880,348
Bond Interest and Redemption	3,475,167	6,881,321	4,645,385	5,711,103
Total	$ 54,563,351	$ 150,504,965	$ 134,666,283	$ 70,402,033

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 $14,324,393 million to $16,637,949 million. This increase is due to:

- Increase in State revenue in one-time funding for Special Education
- Shift in Preschool revenue and expenditures from the General Fund to Child Care
- Decrease in discretionary spending due to close out of site and department revolving accounts and prioritizing expenditures to essential purchasing only

Our Building Fund is our General Obligation Bond. This increase is due to:

- For fiscal year 2019-2020 series B was issued for a principal amount of $42,000,000.

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 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 increased due to the collective bargaining settlement reached during 2019-2020
- Budget adoption does not include PTA/PTO and community business related revenue and expenses which are included in subsequent budget reports
- Local revenue included a rebate from the Western Orange County Self-Funded Workers' Compensation Agency

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the District had $144,999,949 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 $26,246,991, or 22.1 percent, from last year (Table 5).

Table 5

	Governmental Activities	
	2020	2019
Land and construction in progress	$ 54,303,489	$ 38,789,951
Buildings and improvements	87,707,189	77,537,462
Equipment	2,989,271	2,425,545
Total	$ 144,999,949	$ 118,752,958

This year's additions of $26,246,991 included the Central Kitchen and equipment, Harbour View restrooms restoration, Golden View Farm renovations, Spring View HVAC, and new Reprographic Department copiers. No debt was issued for these additions.

Measure R General Obligation Bond funds District modernization projects; which included College and Westmont, completion of the Oak View Gym, and completion of phase I and beginning of phase II fencing projects.

We present more detailed information about our capital assets in Note 5 to the financial statements.

Long-Term Liabilities other than Other Postemployment Benefits (OPEB) and Pension

At year-end, the District had $106,848,613 in long-term liabilities other than OPEB and pension versus $67,803,338 last year, a net increase of 57.6 percent. Those long-term liabilities consisted of:

Table 6

	Governmental Activities 2020	Governmental Activities 2019
Long-Term Liabilities		
General obligation bonds	$ 80,855,000	$ 41,465,000
Premium on issuance of general obligation bonds	3,531,045	1,725,723
Certificates of participation	19,595,000	21,110,000
Premium on issuance of certificates of participation	120,364	154,612
Discount on issuance of certificates of participation	(34,537)	(37,990)
Supplemental early retirement plan (SERP)	1,941,900	2,589,200
Compensated absences	839,841	796,793
Total	$ 106,848,613	$ 67,803,338

We present more detailed information regarding our long-term liabilities in Note 9 of the financial statements.

OPEB and Pension Liabilities

At yearend, the District had an OPEB liability of $21,384,878, versus $23,649,283 last year, a decrease of $2,264,405, or 9.6 percent.

We present more detailed information regarding our OPEB liability in Note 10 of the financial statements.

At year-end, the District has a net pension liability of $103,633,233 versus $103,069,697 last year, an increase of 563,536, or 0.5 percent.

We present more detailed information regarding our pension liability in Note 14 of the financial statements.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2019-20 INCLUDES:

- Implemented Distance Learning during the COVID-19 Pandemic
- The District participated the in State funded Classified School Employee Summer Assistance Program
- Significantly increased the Unduplicated Percentage by implementing new data collection processes
- The District decreased discretionary spending by implementing new purchasing procedures

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2020-2021 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 Deputy Superintendent, Administrative Services, at Ocean View School District, 17200 Pinehurst Lane, Huntington Beach, California 92647.

	Governmental Activities
Assets	
Deposits and investments	$ 73,020,643
Receivables	7,835,057
Stores inventories	172,473
Capital assets not depreciated	54,303,489
Capital assets, net of accumulated depreciation	90,696,460
Total assets	226,028,122
Deferred Outflows of Resources	
Deferred outflows of resources related to other postemployment benefits (OPEB) liability	454,298
Deferred outflows of resources related to pensions	23,698,127
Total deferred outflows of resources	24,152,425
Liabilities	
Accounts payable	10,477,048
Interest payable	1,243,555
Unearned revenue	149,092
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	5,627,300
Long-term liabilities other than OPEB and pensions due in more than one year	101,221,313
Other postemployment benefits liability	21,384,878
Aggregate net pension liability	103,633,233
Total liabilities	243,736,419
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	2,802,805
Deferred inflows of resources related to pensions	9,625,235
Total deferred inflows of resources	12,428,040
Net Position	
Net investment in capital assets	80,451,953
Restricted for	
Debt service	4,467,548
Capital projects	6,163,416
Educational programs	1,523,617
Other activities	954,926
Unrestricted	(99,545,372)
Total net position	$ (5,983,912)

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	$ 67,191,395	$ 1,900	$ 12,877,845	$ 95,262	$ (54,216,388)
Instruction-related activities					
Supervision of instruction	3,053,327	418	1,177,854	-	(1,875,055)
Instructional library, media, and technology	790,281	-	1,792	-	(788,489)
School site administration	5,682,137	334	462,202	-	(5,219,601)
Pupil services					
Home-to-school transportation	2,360,523	-	-	-	(2,360,523)
Food services	2,848,221	347,447	1,943,473	-	(557,301)
All other pupil services	3,591,307	479	985,434	-	(2,605,394)
Administration					
Data processing	980,557	-	5,593	-	(974,964)
All other administration	5,815,447	18,852	473,523	-	(5,323,072)
Plant services	10,610,153	538	167,475	-	(10,442,140)
Ancillary services	70,984	-	5,877	-	(65,107)
Community services	2,601,535	-	-	-	(2,601,535)
Interest on long-term liabilities	3,258,167	-	-	-	(3,258,167)
Other outgo	393,900	19,095	287,348	-	(87,457)
Total governmental activities	$109,247,934	$ 389,063	$ 18,388,416	$ 95,262	(90,375,193)
General Revenues and Subventions					
Property taxes, levied for general purposes					46,486,876
Property taxes, levied for debt service					4,929,156
Taxes levied for other specific purposes					769,550
Federal and State aid not restricted to specific purposes					28,089,725
Interest and investment earnings					1,222,806
Miscellaneous					6,531,418
Subtotal, general revenues					88,029,531
Change in Net Position					(2,345,662)
Net Position - Beginning					(3,638,250)
Net Position - Ending					$ (5,983,912)

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	$ 13,877,549	$ 44,101,706	$ 15,041,388	$ 73,020,643
Receivables	7,427,990	44,582	362,485	7,835,057
Due from other funds	970,996	-	267,397	1,238,393
Stores inventories	72,554	-	99,919	172,473
Total assets	$ 22,349,089	$ 44,146,288	$ 15,771,189	$ 82,266,566
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 5,401,212	$ 4,627,412	$ 448,424	$ 10,477,048
Due to other funds	267,397	-	970,996	1,238,393
Unearned revenue	42,531	-	106,561	149,092
Total liabilities	5,711,140	4,627,412	1,525,981	11,864,533
Fund Balances				
Nonspendable	117,554	-	100,919	218,473
Restricted	1,523,617	39,518,876	12,829,445	53,871,938
Assigned	12,351,263	-	1,314,844	13,666,107
Unassigned	2,645,515	-	-	2,645,515
Total fund balances	16,637,949	39,518,876	14,245,208	70,402,033
Total liabilities and fund balances	$ 22,349,089	$ 44,146,288	$ 15,771,189	$ 82,266,566

Total Fund Balance - Governmental Funds		$ 70,402,033
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	$ 219,283,826	
Accumulated depreciation is	(74,283,877)	
Net capital assets		144,999,949
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.		(1,243,555)
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) liability	454,298	
Net pension liability	23,698,127	
Total deferred outflows of resources to pensions		24,152,425
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		
Net OPEB liability	(2,802,805)	
Net pension liability	(9,625,235)	
Total deferred inflows of resources to pensions		(12,428,040)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(103,633,233)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(21,384,878)

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	$ (80,855,000)	
Premium on issuance of general obligation bonds	(3,531,045)	
Certificates of participation	(19,595,000)	
Premium on issuance of certificates of participation	(120,364)	
Discount on issuance of certificates of participation	34,537	
Supplemental early retirement plan (SERP)	(1,941,900)	
Compensated absences (vacations)	(839,841)	
Total long-term liabilities		(106,848,613)
Total net position - governmental activities		$ (5,983,912)

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local Control Funding Formula	$ 71,412,643	$ -	$ -	$ 71,412,643
Federal sources	3,561,513	-	1,909,901	5,471,414
Other State sources	9,293,700	-	1,088,227	10,381,927
Other local sources	7,513,612	755,229	11,073,251	19,342,092
Total revenues	91,781,468	755,229	14,071,379	106,608,076
Expenditures				
Current				
Instruction	60,669,203	-	619,767	61,288,970
Instruction-related activities				
Supervision of instruction	2,811,704	-	73,991	2,885,695
Instructional library, media, and technology	742,925	-	-	742,925
School site administration	5,307,033	-	44,678	5,351,711
Pupil services				
Home-to-school transportation	2,213,148	-	-	2,213,148
Food services	-	-	2,781,981	2,781,981
All other pupil services	3,267,558	-	-	3,267,558
Administration				
Data processing	967,853	-	-	967,853
All other administration	5,332,284	-	350,703	5,682,987
Plant services	7,630,382	1,371,827	211,251	9,213,460
Ancillary services	66,993	-	-	66,993
Community services	1,433	-	2,450,168	2,451,601
Other outgo	393,900	-	-	393,900
Facility acquisition and construction	63,496	23,266,982	6,998,563	30,329,041
Debt service				
Principal	-	-	4,125,000	4,125,000
Interest and other	-	230,000	2,673,460	2,903,460
Total expenditures	89,467,912	24,868,809	20,329,562	134,666,283
Excess (Deficiency) of Revenues Over Expenditures	2,313,556	(24,113,580)	(6,258,183)	(28,058,207)
Other Financing Sources				
Other sources - proceeds from issuance of general obligation bonds	-	42,000,000	-	42,000,000
Other sources - premium from issuance of general obligation bonds	-	-	1,896,889	1,896,889
Net Financing Sources	-	42,000,000	1,896,889	43,896,889
Net Change in Fund Balances	2,313,556	17,886,420	(4,361,294)	15,838,682
Fund Balance - Beginning	14,324,393	21,632,456	18,606,502	54,563,351
Fund Balance - Ending	$ 16,637,949	$ 39,518,876	$ 14,245,208	$ 70,402,033

Total Net Change in Fund Balances - Governmental Funds		$ 15,838,682
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 in the period.		
Capital outlays	$ 31,711,619	
Depreciation expense	(5,451,833)	
Net expense adjustment		26,259,786
Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.		(12,795)
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 more than the amount used by $43,048.		604,252
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 net pension liability during the year.		(4,298,426)
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.		(610,565)

Proceeds received from Sale of General Obligation Bonds is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. This year the District issued the following debt:	
General obligation bonds	$ (42,000,000)
Governmental funds report the effect of premiums and deferred charges on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities. This is the net effect of these related items:	
Premium on issuance	(1,896,889)
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	2,610,000
Certificates of participation	1,515,000
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	125,815
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. The additional interest reported in the Statement of Activities is the result of two factors. Accrued on the general obligation bonds and the certificates of participation increased by $477,069.	(477,069)
Change in net position of governmental activities	$ (2,345,662)

	Agency Funds
Assets	
Deposits and investments	$ 296,192
Total assets	$ 296,192
Liabilities	
Due to student groups	$ 296,192
Total liabilities	$ 296,192

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 eleven 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 $446,498.

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.

- **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).

Fiduciary Funds Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund accounts for student body activities (ASB).

Basis of Accounting - Measurement Focus

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

The government-wide statement of activities presents a comparison between expenses, both direct and indirect 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 and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major 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.

- **Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

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.

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 and in the proprietary fund type financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund 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. The deferred amounts related to pension and OPEB relate to contributions subsequent to measurement date, differences between contributions and the District's proportionate share of contributions, differences between expected and actual experience, and changes of assumptions.

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. The deferred amounts related to pension and OPEB relate to differences between contributions and the District's proportionate share of contributions, differences between expected and actual experiences, and differences between expected and actual earnings on investments.

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, 2020, 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.

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 $13,109,507 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

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, Certain Asset Retirement Obligations
- Statement No. 84, Fiduciary Activities
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, Implementation Guidance Update—2018
- Implementation Guide No. 2019-1, Implementation Guidance Update—2019
- Implementation Guide No. 2019-2, Fiduciary Activities.

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, Leases
- Implementation Guide No. 2019-3, Leases.

The provisions of this Statement have been implemented as of June 30, 2020.

New Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In June 2017, the GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after June 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

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

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The effects of this change on the District's financial statements have not yet been determined.

In August 2018, the GASB issued Statement 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 60. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The effects of this change on the District's financial statements have not yet been determined.

In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective for the reporting periods beginning after December 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

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

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reporting
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

As a result of the implementation of GASB Statement No. 95, the requirements of this Statement are effective as follows:

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

Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

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

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

As a result of the implementation of GASB Statement No. 95, the removal of LIBOR as an appropriate benchmark interest rate (paragraph 11b) is effective for reporting periods ending after December 31, 2021. Paragraph 13 and 14 related to lease modifications is effective for reporting periods beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In March 2020, the GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District’s financial statements have not yet been determined.

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party’s (a SBITA vendor’s) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District’s financial statements have not yet been determined.

In June 2020, the GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The effects of this change on the District’s financial statements have not yet been determined.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2020, are classified in the accompanying financial statements as follows:

Governmental funds	$ 73,020,643
Fiduciary funds	296,192
Total deposits and investments	$ 73,316,835

Deposits and investments as of June 30, 2020, consist of the following:

Cash on hand and in banks	$ 423,430
Cash in revolving	46,000
Investments	72,847,405
Total deposits and investments	$ 73,316,835

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 $72,847,405 with the Orange County Treasury Investment Pool that has an average weighted maturity of 266 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, 2020, the District's bank balance of $44,051 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 3 - Receivables

Receivables at June 30, 2020, 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	$ 1,870,314	$ -	$ 177,680	$ 2,047,994
State Government				
LCFF apportionment	2,920,316	-	-	2,920,316
Categorical aid	420,116	-	15,243	435,359
Lottery	404,677	-	-	404,677
Special education	1,310,077	-	-	1,310,077
Local Government				
Interest	16,681	44,582	9,182	70,445
Other local sources	485,809	-	160,380	646,189
Total	$ 7,427,990	$ 44,582	$ 362,485	$ 7,835,057

Note 4 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Governmental Activities				
Capital assets not being depreciated				
Land	$ 10,554,104	$ -	$ -	$ 10,554,104
Construction in progress	28,235,847	31,481,194	(15,967,656)	43,749,385
Total capital assets not being depreciated	38,789,951	31,481,194	(15,967,656)	54,303,489
Capital assets being depreciated				
Land improvements	7,173,759	10,751	-	7,184,510
Buildings and improvements	125,666,763	15,044,307	-	140,711,070
Furniture and equipment	16,163,541	1,143,023	(221,807)	17,084,757
Total capital assets being depreciated	149,004,063	16,198,081	(221,807)	164,980,337
Total capital assets	187,794,014	47,679,275	(16,189,463)	219,283,826
Accumulated depreciation				
Land improvements	(6,689,241)	(65,233)	-	(6,754,474)
Buildings and improvements	(48,613,819)	(4,820,098)	-	(53,433,917)
Furniture and equipment	(13,737,996)	(566,502)	209,012	(14,095,486)
Total accumulated depreciation	(69,041,056)	(5,451,833)	209,012	(74,283,877)
Governmental activities capital assets, net	$ 118,752,958	$ 42,227,442	$ (15,980,451)	$ 144,999,949

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Instruction	$ 2,693,751
Home-to-school transportation	40,889
Food services	89,955
All other pupil services	120,486
All other administration	264,959
Plant services	2,241,793
Total depreciation expenses governmental activities	$ 5,451,833

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, 2020, between major and non-major governmental funds are as follows:

	Due From		
Due To	General Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ 970,996	$ 970,996
Non-Major Governmental Funds	267,397	-	267,397
Total	$ 267,397	$ 970,996	$ 1,238,393

A balance of $186,571 is due from the Child Development Non-Major Governmental Fund to the General Fund for indirect costs.

A balance of $607,830 is due from the Child Development Non-Major Governmental Fund to the General Fund for payroll, benefits and other operating expenditures.

A balance of $148,900 is due from the Cafeteria Non-Major Governmental Fund to the General Fund for indirect costs.

A balance of $2,213 is due from the Cafeteria Non-Major Governmental Fund to the General Fund for payroll, benefits and other operating expenditures.

A balance of $25,622 is due from the Special Reserve Fund for Capital Outlay Projects Non-Major Governmental Fund to the General Fund for reimbursement of project costs.

A balance of $267,257 is due from the General Fund to the Child Development Non-Major Governmental Fund for operating expenditures.

Note 6 - Accounts Payable

Accounts payable at June 30, 2020, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Salaries and benefits	$ 3,893,816	$ -	$ 413,062	$ 4,306,878
State LCFF apportionment	781,782	-	-	781,782
Supplies	79,324	-	15,612	94,936
Services	446,015	637,622	3,607	1,087,244
Capital outlay	-	3,981,073	5,610	3,986,683
Other vendor payables	200,275	8,717	10,533	219,525
Total	$ 5,401,212	$ 4,627,412	$ 448,424	$ 10,477,048

Note 7 - Unearned Revenue

Unearned revenue at June 30, 2020, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total
Other local	$ 42,531	$ 106,561	$ 149,092

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, 2019	Additions	Deductions	Balance June 30, 2020	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 41,465,000	$ 42,000,000	$ (2,610,000)	$ 80,855,000	$ 3,375,000
Premium on issuance of general obligation bonds	1,725,723	1,896,889	(91,567)	3,531,045	-
Certificates of participation	21,110,000	-	(1,515,000)	19,595,000	1,605,000
Premium on issuance of certificates of participation	154,612	-	(34,248)	120,364	-
Discount on issuance of certificates of participation	(37,990)	-	3,453	(34,537)	-
Supplemental early retirement plan (SERP)	2,589,200	-	(647,300)	1,941,900	647,300
Compensated absences	796,793	43,048	-	839,841	-
Total	$ 67,803,338	$ 43,939,937	$ (4,894,662)	$ 106,848,613	$ 5,627,300

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 are paid by the General Fund.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2019	Issued	Redeemed	Bonds Outstanding June 30, 2020
5/17/2017	8/1/2016	2.00-5.00%	$ 45,000,000	$ 41,465,000	$ -	$ (2,610,000)	$ 38,855,000
2/13/2020	8/1/2049	2.00-6.00%	42,000,000	-	42,000,000	-	42,000,000
				$ 41,465,000	$ 42,000,000	$ (2,610,000)	$ 80,855,000

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, 2020, the principal balance outstanding of the 2016 General Obligation Bonds, Series A was $38,855,000. Unamortized premium as of June 30, 2020 was $1,661,410.

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, 2020, the principal balance outstanding of the 2016 General Obligation Bonds, Series B was $42,000,000. Unamortized premium as of June 30, 2020 was $1,869,635

The Bonds mature through 2050 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2021	$ 3,375,000	$ 2,802,256	$ 2,802,256
2022	2,850,000	2,683,694	2,683,694
2023	2,655,000	2,530,319	2,530,319
2024	3,080,000	2,367,169	2,367,169
2025	1,075,000	2,248,244	2,248,244
2026-2030	4,725,000	10,423,144	10,423,144
2031-2035	8,015,000	8,946,619	8,946,619
2036-2040	13,525,000	7,100,955	7,100,955
2041-2045	20,450,000	4,561,784	4,561,784
2046-2050	21,105,000	1,259,044	1,259,044
Total	$ 80,855,000	$ 44,923,228	$ 44,923,228

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, 2019	Redeemed	Bonds Outstanding June 30, 2020
2/26/2010	3/1/2022	3.00-4.25%	$ 6,875,000	$ 1,815,000	$ (715,000)	$ 1,100,000
6/19/2014	6/1/2029	3.00-3.38%	10,720,000	8,570,000	(495,000)	8,075,000
8/26/2015	6/1/2030	3.00-4.00%	11,870,000	10,725,000	(305,000)	10,420,000
				$ 21,110,000	$ (1,515,000)	$ 19,595,000

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, 2020, the outstanding balance on the 2010 Refunding Certificates of Participation was $1,100,000. As of June 30, 2020, the unamortized premium received on issuance amounted to $42,693.

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, 2020, the outstanding balance on the 2014 Certificates of Participation was $8,075,000. As of June 30, 2020, the unamortized premium received on issuance amounted to $77,671.

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, 2020, the outstanding balance on the 2015 Certificates of Participation was $10,420,000. As of June 30, 2020, the unamortized discount on issuance amounted to $34,537.

The certificates of participation mature through 2030, as follows:

Year Ending June 30,	Principal	Interest	Total
2021	$ 1,605,000	$ 578,325	$ 2,183,325
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
2026-2030	10,835,000	1,041,275	11,876,275
Total	$ 19,595,000	$ 3,465,537	$ 23,060,537

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
2021	$ 647,300
2022	647,300
2023	647,300
Total	$ 1,941,900

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2020, amounted to $839,841.

Note 9 - Total Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2020, 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
Retiree Health Plan	$ 20,882,584	$ 454,298	$ 2,802,805	$ 1,371,182
Medicare Premium Payment (MPP) Program	502,294	-	-	(17,527)
Total	$ 21,384,878	$ 454,298	$ 2,802,805	$ 1,353,655

The details of each plan are as follows:

Retiree Health 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 2019-2020, the District paid $743,090 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $20,882,584 was measured as of June 30, 2020, 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, 2020 was determined using the following assumptions applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.66	percent for 2020
Salary increases	2.75	percent, average, including inflation
Discount rate	2.66	percent for 2020
Healthcare cost trend rates	7.00	percent

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

Mortality rates were based on the 2015 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, 2019	$ 23,129,462
Service cost	1,009,057
Interest	663,170
Differences between expected and actual experience in the measurement of the total OPEB liability	(903,983)
Changes of assumptions	(2,272,032)
Benefit payments	(743,090)
Net change in total OPEB liability	(2,246,878)
Balance, June 30, 2020	$ 20,882,584

Changes of assumptions and other inputs reflect a change in the discount rate from 2.79 percent in 2019 to 2.66 percent in 2020.

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 (1.66%)	$ 22,451,364
Current discount rate (2.66%)	20,882,584
1% increase (3.66%)	19,368,280

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 (6.0%)	$ 18,515,646
Current healthcare cost trend rate (7.0%)	20,882,584
1% increase (8.0%)	23,637,606

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

For the year ended June 30,2020, the District recognized OPEB expense of $1,371,182. At June 30, 2020, 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	$ -	$ 797,757
Changes of assumptions	454,298	2,005,048
Total	$ 454,298	$ 2,802,805

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
2021	$ (301,045)
2022	(301,045)
2023	(301,045)
2024	(301,045)
2025	(301,045)
Thereafter	(843,282)
Total	$ (2,348,507)

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, 2018 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, 2020, the District reported a liability of $502,294 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. 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, 2019 and June 30, 2018, respectively, was 0.1349 percent, and 0.1358 percent, resulting in a net decrease in the proportionate share of 0.0009 percent.

For the year ended June 30, 2020, the District recognized OPEB expense of $(17,527).

Actuarial Methods and Assumptions

The June 30, 2019 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total OPEB liability to June 30, 2019, using the assumptions listed in the following table:

Measurement Date	June 30, 2019	June 30, 2018
Valuation Date	June 30, 2018	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.50%	3.87%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2018, 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 2016) 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 380 or an average of 0.23 percent of the potentially eligible population (165,422).

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, 2019, 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, 2019, is 3.50 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 3.50 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2019, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.37 percent from 3.87 percent as of June 30, 2018.

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 (2.50%)	$ 548,118
Current discount rate (3.50%)	502,294
1% increase (4.50%)	460,151

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 (2.7% Part A and 3.1% Part B)	$ 470,799
Current Medicare costs trend rate (3.7% Part A and 4.1% Part B)	502,294
1% increase (4.7% Part A and 5.1% Part B)	565,203

Note 10 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	$ 45,000	$ -	$ 1,000	$ 46,000
Stores inventories	72,554	-	99,919	172,473
Total nonspendable	117,554	-	100,919	218,473
Restricted				
Legally restricted programs	1,523,617	-	954,926	2,478,543
Capital projects	-	39,518,876	6,163,416	45,682,292
Debt services	-	-	5,711,103	5,711,103
Total restricted	1,523,617	39,518,876	12,829,445	53,871,938
Assigned				
School site, donations, and departments carryover	374,926	-	-	374,926
Emergency reserve	10,200,669	-	-	10,200,669
Lottery unrestricted	1,400,076	-	-	1,400,076
Deferred maintenance projects	375,592	-	-	375,592
Capital projects	-	-	1,314,844	1,314,844
Total assigned	12,351,263	-	1,314,844	13,666,107
Unassigned				
Reserve for economic uncertainties	2,645,515	-	-	2,645,515
Total	$ 16,637,949	$ 39,518,876	$ 14,245,208	$ 70,402,033

Note 11 - Lease Revenues

The District has property held for lease with a combined estimated costs 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
2021	$ 2,546,907
2022	1,796,346
2023	1,546,197
2024	1,560,149
2025	1,011,900
2026-2030	2,994,043
2031-2035	2,790,625
2036-2040	2,975,000
2041-2045	3,165,625
2046-2050	3,350,000
Thereafter	12,726,250
Total	$ 36,463,042

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, 2020, 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 2020, 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, 2020, 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	$ 68,862,904	$ 16,242,421	$ 8,003,355	$ 7,205,259
CalPERS	34,770,329	7,455,706	1,621,880	5,174,876
Total	$ 103,633,233	$ 23,698,127	$ 9,625,235	$ 12,380,135

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, 2018, 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, 2020, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	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	17.10%	17.10%
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, 2020, are presented above and the District's total contributions were $7,027,766.

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

At June 30, 2020, 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	$ 68,862,904
State's proportionate share of the net pension liability	37,569,311
Total	$ 106,432,215

The net pension liability was measured as of June 30, 2019. 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, 2019 and June 30, 2018, respectively was 0.0762 percent and 0.0757 percent, resulting in a net increase in the proportionate share of 0.0005 percent.

For the year ended June 30, 2020, the District recognized pension expense of $7,205,259. In addition, the District recognized pension expense and revenue of $5,594,881 for support provided by the State. At June 30, 2020, 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	$ 7,027,766	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	331,161	3,410,258
Differences between projected and actual earnings on pension plan investments	-	2,652,620
Differences between expected and actual experience in the measurement of the total pension liability	173,842	1,940,477
Changes of assumptions	8,709,652	-
Total	$ 16,242,421	$ 8,003,355

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
2021	$ (267,563)
2022	(2,105,868)
2023	(437,211)
2024	158,022
Total	$ (2,652,620)

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
2021	$ 925,817
2022	925,818
2023	1,056,384
2024	1,510,972
2025	(404,714)
Thereafter	(150,357)
Total	$ 3,863,920

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, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 2010 through June 30, 2015
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-2016) 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 February 2017 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, 2019, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	4.8%
Fixed income	12%	1.3%
Real estate	13%	3.6%
Private equity	13%	6.3%
Risk mitigating strategies	9%	1.8%
Inflation sensitive	4%	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%)	$ 102,542,564
Current discount rate (7.10%)	68,862,904
1% increase (8.10%)	40,936,052

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, 2018 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, 2020, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	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	19.721%	19.721%

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 the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the total District contributions were $3,274,809.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $34,770,329. The net pension liability was measured as of June 30, 2019. 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, 2019 and June 30, 2018, respectively was 0.1193 percent and 0.1258 percent, resulting in a net decrease in the proportionate share of 0.0065 percent.

For the year ended June 30, 2020, the District recognized pension expense of $5,174,876. At June 30, 2020, 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	$ 3,274,809	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	1,299,378
Differences between projected and actual earnings on pension plan investments	-	322,502
Differences between expected and actual experience in the measurement of the total pension liability	2,525,721	-
Changes of assumptions	1,655,176	-
Total	$ 7,455,706	$ 1,621,880

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
2021	$ 318,345
2022	(635,883)
2023	(96,360)
2024	91,396
Total	$ (322,502)

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
2021	$ 2,114,050
2022	704,470
2023	57,273
2024	5,726
Total	$ 2,881,519

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, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
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%)	$ 50,119,143
Current discount rate (7.15%)	34,770,329
1% increase (8.15%)	22,037,428

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 $3,924,234 (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.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated an additional 2019–2020 contribution on-behalf of school employers of $1.1 billion for CalSTRS. A proportionate share of these contributions totaling $1,316,320 have been recorded in these financial statements. On behalf payments related to these additional contributions have been excluded from the calculation of available reserves and have not been included in the budgeted amounts reported in the General Fund – Budgetary Comparison Schedule and Major Special Revenue Fund – Budgetary Comparison Schedule.

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, 2020.

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, 2020.

Construction Commitments

As of June 30, 2020, 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	$ 1,971,158	09/01/20
Westmont ES Modernization	125,000	09/01/20
Marine View MS Modernization	23,726,723	09/01/21
Total	$ 25,822,881	

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, 2020, the District made payments of $960,919, $6,872,603 , and $1,528,964 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

Subsequent to year-end, the District has been negatively impacted by the effects of the world-wide coronavirus pandemic. The District is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the District's financial position is not known beyond increased cash flow monitoring due to state apportionment deferrals.

Required Supplementary Information
June 30, 2020

Ocean View School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$71,214,795	$71,387,545	$ 71,412,643	$ 25,098
Federal sources	4,298,468	5,398,080	3,561,513	(1,836,567)
Other State sources	6,197,092	7,615,171	9,293,700	1,678,529
Other local sources	5,854,844	6,639,608	7,513,612	874,004
Total revenues [1]	87,565,199	91,040,404	91,781,468	741,064
Expenditures				
Current				
Certificated salaries	40,871,181	41,044,985	40,988,987	55,998
Classified salaries	16,116,121	16,185,267	15,334,571	850,696
Employee benefits	22,699,378	22,571,424	23,693,473	(1,122,049)
Books and supplies	2,793,343	3,193,415	1,974,447	1,218,968
Services and operating expenditures	6,439,859	8,163,679	7,245,921	917,758
Other outgo	180,672	308,113	58,429	249,684
Capital outlay	187,782	202,631	172,084	30,547
Total expenditures [1]	89,288,336	91,669,514	89,467,912	2,201,602
Excess (Deficiency) of Revenues Over Expenditures	(1,723,137)	(629,110)	2,313,556	2,942,666
Other Financing Sources (Uses)				
Transfers out	(250,000)	(250,000)	-	250,000
Net Change in Fund Balances	(1,973,137)	(879,110)	2,313,556	3,192,666
Fund Balance - Beginning	14,324,393	14,324,393	14,324,393	-
Fund Balance - Ending	$ 12,351,256	$ 13,445,283	$ 16,637,949	$ 3,192,666

[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. In addition, on behalf payments of $1,316,320 relating to Senate Bill 90 are included in the actual revenues and expenditures but have not been included in the budgeted amounts.

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 1,009,057	$ 1,003,367	$ 1,058,553
Interest	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	(2,272,032)	354,883	274,835
Benefit payments	(743,090)	(724,615)	(459,130)
Net change in total OPEB liability	(2,246,878)	1,303,239	3,382,406
Total OPEB Liability - Beginning	23,129,462	21,826,223	18,443,817
Total OPEB Liability - Ending	$ 20,882,584	$ 23,129,462	$ 21,826,223
Covered Payroll	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]
Measurement Date	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,	2020	2019	2018
Proportion of the net OPEB liability	0.1349%	0.1358%	0.1409%
Proportionate share of the net OPEB liability	$ 502,294	$ 519,821	$ 592,737
Covered payroll	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]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.81%	-0.40%	0.01%
Measurement Date	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.

	2020	2019	2018	2017	2016	2015
CalSTRS						
Proportion of the net pension liability (asset)	0.0762%	0.0757%	0.0778%	0.0806%	0.0837%	0.0836%
Proportionate share of the net pension liability (asset)	$ 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 (asset)	37,569,311	39,814,132	42,576,556	37,119,434	29,794,822	29,482,264
Total	$ 106,432,215	$ 109,352,786	$ 114,546,070	$ 102,323,364	$ 86,129,477	$ 78,306,637
Covered payroll	$ 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 (asset) as a percentage of its covered payroll	171.24%	172.35%	176.25%	165.52%	148.54%	130.21%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%	77%
Measurement Date	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 (asset)	0.1193%	0.1258%	0.1266%	0.1299%	0.1364%	0.1370%
Proportionate share of the net pension liability (asset)	$ 34,770,329	$ 33,531,043	$ 30,221,356	$ 25,660,835	$ 20,112,330	$ 15,558,329
Covered payroll	$ 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 (asset) as a percentage of its covered payroll	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%	71%	72%	74%	79%	83%
Measurement Date	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.

	2020	2019	2018	2017	2016	2015
CalSTRS						
Contractually required contribution	$ 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	7,027,766	6,547,005	5,822,110	5,136,815	4,226,877	3,367,693
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 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	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS						
Contractually required contribution	$ 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	3,274,809	2,972,755	2,610,441	2,142,682	1,845,099	1,783,241
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 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	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 State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

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

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

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

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

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The discount rate changed from 2.79 percent in 2019 to 2.66 percent in 2020.

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 3.87 percent to 3.50 percent 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, 2020

Ocean View School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	$ 1,203,218
Title II, Part A, Supporting Effective Instruction	84.367	14341	264,792
Title III, English Learner Student Program	84.365	14346	201,658
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	171,720
Passed Through West Orange County Consortium for Special Education			
Special Education Cluster			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	1,609,165
Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	24,137
Preschool Grants, Part B, Sec 619	84.173	13430	85,969
Preschool Staff Development, Part B, Sec 619	84.173A	13431	854
Subtotal Special Education Cluster			1,720,125
Total U.S. Department of Education			3,561,513
Total U.S. Department of Health and Human Services Human Services			3,561,513
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	13524	1,169,666
Especially Needy Breakfast Program	10.553	13526	415,788
Commodities	10.555	13524	269,238
Subtotal Child Nutrition Cluster			1,854,692
Child and Adult Care Food Program	10.558	13666	55,209
Total U.S. Department of Agriculture			1,909,901
Total Expenditures of Federal Awards			$ 5,471,414

ORGANIZATION

The Ocean View School District was established in 1874, serving grades kindergarten through eighth. Th District operates eleven 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. Gina Clayton-Tarvin	President	2020
Ms. Patricia Singer	Vice President	2022
Mr. Jack Souders	Clerk	2022
Mr. John Briscoe	Member	2022
Mr. Norm Westwell	Member	2020

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

	Final Report	
	Second Period Report 82811190	Annual Report E97ABE28
Regular ADA		
Transitional kindergarten through third	3,177.85	3,177.85
Fourth through sixth	2,497.41	2,497.41
Seventh and eighth	1,764.50	1,764.50
Total Regular ADA	7,439.76	7,439.76
Extended Year Special Education		
Transitional kindergarten through third	8.26	8.26
Fourth through sixth	5.33	5.33
Seventh and eighth	1.24	1.24
Total Extended Year Special Education	14.83	14.83
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	1.82	1.82
Fourth through sixth	2.16	2.16
Seventh and eighth	4.27	4.27
Total Special Education, Nonpublic, Nonsectarian Schools	8.25	8.25
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.11	0.11
Fourth through sixth	0.20	0.20
Seventh and eighth	0.58	0.58
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	0.89	0.89
Total ADA	7,463.73	7,463.73

Grade Level	1986-1987 Minutes Requirement	2019-2020 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	52,080	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		50,460	180	N/A	Complied
Grade 2		50,460	180	N/A	Complied
Grade 3		50,460	180	N/A	Complied
Grades 4 - 6	54,000				
Grade 4		57,720	180	N/A	Complied
Grade 5		57,720	180	N/A	Complied
Grade 6		58,295	180	N/A	Complied
Grades 7 - 8	54,000				
Grade 7		58,295	180	N/A	Complied
Grade 8		58,295	180	N/A	Complied

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2020.

	(Budget) 2021 [1]	2020	2019	2018
General Fund [3]				
Revenues	$ 79,815,131	$ 91,774,759	$ 95,027,110	$ 86,726,982
Expenditures	84,786,936	89,036,208	92,344,724	88,249,774
Other uses and transfers out	-	250,000	250,000	250,000
Total Expenditures and Other Uses	84,786,936	89,286,208	92,594,724	88,499,774
Increase/(Decrease) in Fund Balance	(4,971,805)	2,488,551	2,432,386	(1,772,792)
Ending Fund Balance	$ 11,219,646	$ 16,191,451	$ 13,702,900	$ 11,270,514
Available Reserves [2]	$ 6,135,754	$ 2,645,515	$ 2,738,026	$ 9,716,575
Available Reserves as a Percentage of Total Outgo [4]	7.24%	2.96%	3.08%	10.98%
Long-Term Liabilities	N/A	$ 231,866,724	$ 194,522,318	$ 198,158,756
K-12 Average Daily Attendance at P-2	7,256	7,464	7,737	7,988

The General Fund balance has increased by $4,920,937 over the past two years. The fiscal year 2019-2020 budget projects a decrease of $4,971,805 (30.7 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 two of the past three years; however, the District anticipates incurring an operating deficit during the 2020-2021 fiscal year. Total long-term liabilities have increased by $33,707,968 over the past two years.

Average daily attendance has decreased by 524 over the past two years. Additional decline of 208 ADA is anticipated during fiscal year 2020-2021.

[1] Budget 2021 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.

	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	$ 911,735	$ 1,007,544	$ 1,298,304	$ 4,241,797	$ 1,882,557	$ 5,699,451	$ 15,041,388
Receivables	62,263	198,626	58,776	4,198	26,970	11,652	362,485
Due from other funds	267,397	-	-	-	-	-	267,397
Stores inventories	-	99,919	-	-	-	-	99,919
Total assets	$ 1,241,395	$ 1,306,089	$ 1,357,080	$ 4,245,995	$ 1,909,527	$ 5,711,103	$ 15,771,189
Liabilities and Fund Balances							
Liabilities							
Accounts payable	$ 263,133	$ 176,571	$ 5,008	$ 155	$ 3,557	$ -	$ 448,424
Due to other funds	794,261	151,113	-	-	25,622	-	970,996
Unearned revenue	26,481	80,080	-	-	-	-	106,561
Total liabilities	1,083,875	407,764	5,008	155	29,179	-	1,525,981
Fund Balances							
Nonspendable	-	100,919	-	-	-	-	100,919
Restricted	157,520	797,406	1,352,072	4,245,840	565,504	5,711,103	12,829,445
Assigned	-	-	-	-	1,314,844	-	1,314,844
Total fund balances	157,520	898,325	1,352,072	4,245,840	1,880,348	5,711,103	14,245,208
Total liabilities and fund balances	$ 1,241,395	$ 1,306,089	$ 1,357,080	$ 4,245,995	$ 1,909,527	$ 5,711,103	$ 15,771,189

	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	$ -	$ 1,909,901	$ -	$ -	$ -	$ -	$ 1,909,901
Other State sources	934,645	126,313	-	-	-	27,269	1,088,227
Other local sources	2,014,676	388,346	1,261,439	95,262	2,356,365	4,957,163	11,073,251
Total revenues	2,949,321	2,424,560	1,261,439	95,262	2,356,365	4,984,432	14,071,379
Expenditures							
Current							
Instruction	619,767	-	-	-	-	-	619,767
Instruction-related activities							
Supervision of instruction	73,991	-	-	-	-	-	73,991
School site administration	44,678	-	-	-	-	-	44,678
Pupil services							
Food services	-	2,781,981	-	-	-	-	2,781,981
Administration							
All other administration	186,571	148,900	15,232	-	-	-	350,703
Plant services	165,690	1,285	-	2,769	41,507	-	211,251
Community services	2,450,168	-	-	-	-	-	2,450,168
Facility acquisition and construction	-	-	4,114,633	2,026,990	856,940	-	6,998,563
Debt service							
Principal	-	-	-	-	1,515,000	2,610,000	4,125,000
Interest and other	-	-	-	-	638,075	2,035,385	2,673,460
Total expenditures	3,540,865	2,932,166	4,129,865	2,029,759	3,051,522	4,645,385	20,329,562
Excess (Deficiency) of Revenues Over Expenditures	(591,544)	(507,606)	(2,868,426)	(1,934,497)	(695,157)	339,047	(6,258,183)
Other Financing Sources							
Other sources - premium from issuance of general obligation bonds	-	-	-	-	-	1,896,889	1,896,889
Net Change in Fund Balances	(591,544)	(507,606)	(2,868,426)	(1,934,497)	(695,157)	2,235,936	(4,361,294)
Fund Balance - Beginning	749,064	1,405,931	4,220,498	6,180,337	2,575,505	3,475,167	18,606,502
Fund Balance - Ending	$ 157,520	$ 898,325	$ 1,352,072	$ 4,245,840	$ 1,880,348	$ 5,711,103	$ 14,245,208

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, 2020. 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, 2020, the District did not report any commodities in inventory.

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District has met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206.

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

Due to school closures caused by COVID-19, the District filed the COVID-19 School Closure Certification certifying that schools were closed for 63 days due to the pandemic. As a result, the District received credit for these 63 days in meeting the annual instructional days requirement. In addition, planned minutes covered by the COVID-19 School Closure Certification were included in the Actual Minutes column, but were not actually offered due to the COVID-19 school closure.

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, 2020

Ocean View School District

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

To the Board of Directors
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, 2020, 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 14, 2021.

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 were reported to management of Ocean View School District in a separate letter dated January 14, 2021.

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 14, 2021

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

To the Board of Directors
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, 2020. 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 opinion 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, 2020.

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 14, 2021

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

To the Board of Directors
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 *2019-2020 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, 2020.

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 *2019-2020 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.

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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	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, see below
Continuation Education	No, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	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 for Charter Schools	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instruction Minutes Classroom-Based	No, see below
Charter School Facility Grant Program	No, see below

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

The District does not offer a Continuation Education Program; therefore, we did not perform procedures related to the Continuation Education Program.

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

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

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

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

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

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

Basis for Qualified Opinion on the After School Education and Safety Program and the Unduplicated Local Control Funding Formula Pupil Counts

As described in the accompanying *Schedule of State Compliance Findings and Questioned Costs, as item 2020-001 and 2020-002*, Ocean View School District did not comply with the requirements regarding the After School Education and Safety Program and Unduplicated Local Control Funding Formula Pupil Counts. Compliance with such requirements is necessary, in our opinion, for Ocean View School District to comply with the requirements referred to above.

Qualified Opinion on the After School Education and Safety Program and the Unduplicated Local Control Funding Formula Pupil Counts

In our opinion, expect for the noncompliance described in the Basis for Qualified paragraph, Ocean View School District complied, in all material respects, with the compliance requirements referred to above for the year ended June 30, 2020.

Ocean View School District's response to the noncompliance findings identified in our audit are described in the accompanying *Schedule of State Compliance Findings and Questioned Costs* as items 2020-001 and 2020-002. Ocean View School District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Unmodified Opinion on Each of the Other Programs

In our opinion, Ocean View School District complied with the laws and regulations of the state programs referred to above for the year ended June 30, 2020, except as described in the accompanying *Schedule of State Compliance Findings and Questioned Costs*.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2019-2020 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 14, 2021

Schedule of Findings and Questioned Costs
June 30, 2020

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:	No

Identification of major programs:

Name of Federal Program or Cluster	CFDA Number
Child Nutrition Cluster	10.553, 10.555

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*

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

Name of Program
After School Education and Safety Program
Unduplicated Local Control Funding Formula Pupil Counts

None reported.

None reported.

The following findings represent instances of noncompliance and questioned costs relating to compliance with state laws and regulations. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
40000	State Compliance

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 (Yes or No)
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.

Corrective Action Plan
Staff will be reassigned to provide an independent review for discrepancies. New procedures will be developed and implemented to ensure accuracy of data and reporting compliance.

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 (Yes or No)
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.

Corrective Action Plan
The timeline for printing information day reports for review has been adjusted and should eliminate these errors in future reporting. The process will include rechecking students that have changed schools during the review timeline.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

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, 2020, 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 14, 2021, on the government-wide financial statements of the District.

ASB Observations

Spring View Middle School

Observations

Based on the review of the cash receipting procedures, it was noted that two of nine deposits tested were not deposited in a timely manner. Delay in deposit ranged from approximately 11 to 18 days from the date of receipt. This could result in large cash balances being maintained at the sites which can hinder the safeguarding of ASB assets.

Recommendations

The ASB should, at a minimum, make their deposits once a week to minimize the amount of cash held at the sites. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure including the maximum cash on hand that should be maintained at the site

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

Eide Bailly LLP

Rancho Cucamonga, California
January 14, 2021

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