



Financial Statements
June 30, 2024

Ocean View School District

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ocean View School District (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ocean View School District, as of June 30, 2024, 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.

Basis for Opinions

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

Correction of an Error

As discussed in Note 16 to the financial statements, a certain error resulting in an understatement of accumulated depreciation as of June 30, 2023, was discovered during the current year. Accordingly, a restatement has been made to the Governmental Activities net position as of July 1, 2023, to correct the error. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Expenditures of Federal Awards, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the Local Education Agency Organization Structure but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 11, 2024



Ocean View School District

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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, 2024, with comparative information for the year ended June 30, 2023. Please read it in conjunction with the District's financial statements, notes, and other supplemental information, 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 Ocean View School 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. These statements include all assets of the District (including capital assets), deferred outflows of resources, as well as all liabilities (including long-term liabilities) and deferred inflows of resources. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

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

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

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

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

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

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

Governmental Activities – The District reports all of its services 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 - 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 the governmental fund financial statements.

FINANCIAL HIGHLIGHTS

The District's financial status remains positive. The ending balance of the General Fund decreased \$1,021,146 between July 1, 2023 and June 30, 2024. The General Fund has consistently maintained a reserve for emergencies above the State mandated three (3) percent reserve.

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

Series A, B, C, and D were issued for a principal amount of \$169,000,000. The construction of Star View Elementary School is complete, while construction for Mesa View Middle School is near completion. The bond expenditures for 2023-2024 were \$30,116,987 and had an ending balance of \$8,617,339.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$29,226,958 for the fiscal year ended June 30, 2024. Of this amount, \$(75,953,358) was unrestricted deficit. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2024	2023, as Restated*
Assets		
Current and other assets	\$ 92,462,723	\$ 85,725,631
Lease receivables	42,309,535	43,788,605
Capital assets	234,833,489	213,754,814
Total assets	<u>369,605,747</u>	<u>343,269,050</u>
Deferred outflows of resources	<u>31,236,974</u>	<u>28,358,845</u>
Liabilities		
Current liabilities	21,198,218	18,491,441
Long-term liabilities	293,102,290	260,298,556
Total liabilities	<u>314,300,508</u>	<u>278,789,997</u>
Deferred inflows of resources	<u>57,315,255</u>	<u>66,222,546</u>
Net Position		
Net investment in capital assets	69,314,961	71,895,801
Restricted	35,865,355	34,657,649
Unrestricted (deficit)	<u>(75,953,358)</u>	<u>(79,938,098)</u>
Total net position	<u>\$ 29,226,958</u>	<u>\$ 26,615,352</u>

* Refer to Note 16 to the financial statements for additional information related to the restatement.

The \$(75,953,358) in unrestricted deficit net position represents the accumulated results of all past years' operations. Unrestricted deficit – the part of the net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - decreased by 5.0% or \$3,984,740.

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 15. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2024	2023, as Restated*
Revenues		
Program revenues		
Charges for services and sales	\$ 431,643	\$ 441,147
Operating grants and contributions	33,895,193	30,922,922
Capital grants and contributions	21,111	427,366
General revenues		
Federal and State aid not restricted	31,277,684	30,001,141
Property taxes	62,700,171	60,683,932
Other general revenues	10,566,329	20,806,668
Total revenues	138,892,131	143,283,176
Expenses		
Instruction-related	85,449,757	71,514,359
Pupil services	13,175,874	9,702,581
Administration	9,437,422	8,410,708
Plant services	15,004,750	12,921,755
All other services	13,212,722	9,587,121
Total expenses	136,280,525	112,136,524
Change in net position	\$ 2,611,606	\$ 31,146,652

* Refer to Note 16 to the financial statements for additional information related to the restatement.

Governmental Activities

As reported in the *Statement of Activities* on page 15, the cost of all of our governmental activities this year was \$136,280,525. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$62,700,171 because the cost was paid by those who benefited from the programs (\$431,643) or by other governments and organizations who subsidized certain programs with grants and contributions (\$33,916,304). We paid for the remaining "public benefit" portion of our governmental activities with \$31,277,684 Federal and State funds, and with other revenues, like interest and general entitlements of \$10,566,329.

In Table 3, we have presented the cost and net cost of each of the District's largest functions: instruction-related 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	
	2024	2023, as Restated*	2024	2023, as Restated*
Instruction-related	\$ 85,449,757	\$ 71,514,359	\$ (66,048,983)	\$ (53,985,760)
Pupil services	13,175,874	9,702,581	(7,221,142)	(3,001,626)
Administration	9,437,422	8,410,708	(8,729,688)	(7,499,343)
Plant services	15,004,750	12,921,755	(13,369,429)	(13,683,834)
All other services	13,212,722	9,587,121	(6,563,336)	(2,174,526)
Total	<u>\$ 136,280,525</u>	<u>\$ 112,136,524</u>	<u>\$ (101,932,578)</u>	<u>\$ (80,345,089)</u>

* Refer to Note 16 to the financial statements for additional information related to the restatement.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$73,507,177, which is an increase of \$4,493,753, or 6.5% from last year (Table 4).

Table 4

Governmental Fund	Balances and Activity			
	July 1, 2023	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2024
General	\$ 42,940,417	\$ 120,176,655	\$ 121,059,509	\$ 42,057,563
Building	7,643,199	28,157,055	27,182,916	8,617,338
Special Reserve Fund for Capital Outlay Projects	2,060,298	2,882,319	2,334,655	2,607,962
Student Activity	275,049	79,984	103,109	251,924
Child Development	1,622,998	3,130,366	2,138,757	2,614,607
Cafeteria	2,990,315	5,303,403	4,516,964	3,776,754
Capital Facilities	4,453,813	1,418,118	109,825	5,762,106
County School Facilities	392,543	21,110	145	413,508
Bond Interest and Redemption	6,634,792	8,561,318	7,790,695	7,405,415
Total	<u>\$ 69,013,424</u>	<u>\$ 169,730,328</u>	<u>\$ 165,236,575</u>	<u>\$ 73,507,177</u>

The primary reasons for these changes are the following:

Our General Fund is our principal operating fund. The fund balance in the General Fund decreased from \$42,940,417 million to \$42,057,563 million. This decrease is due to:

- Utilizing one-time restricted funds like the Reading Specialist and Literacy Coach Block Grant, Educator Effectiveness, Arts, Music, and Instructional Materials Discretionary Block Grant, and Learning Recovery Emergency Block Grant.
- Spending restricted carryover funds from the previous year, including Expanded Learning Opportunities Program and Title I funds.

Our Building Fund is our General Obligation Bond. This increase is due to the sale of series D in the current fiscal year.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on March 12, 2024. 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.
- Interest revenues, lottery, special education revenue, and Medi-Cal funding surpassed projected amounts.
- Employee benefits were below budget due to health and welfare election reconciliations and updated STRS on-behalf estimates.
- Other expenditures that were below budget included Expanded Learning Opportunities Program contracts and supplies, the ongoing district ESSER III HVAC project, and unspent site budgets.
- Budget adoption does not include PTA/PTO and community business related revenue and expenses which are included in subsequent budget reports.

CAPITAL ASSETS

Capital Assets

At June 30, 2024, the District had \$234,833,489 in a broad range of capital (net of depreciation and amortization), including land and construction in progress, buildings and improvements, land improvements, furniture and equipment, and right-to-use subscription IT assets. This amount represents a net increase (including additions, deductions, depreciation, and amortization) of \$21,078,675, or 9.9% from last year (Table 5).

Table 5

	Governmental Activities	
	2024	2023, as Restated*
Land and construction in progress	\$ 97,137,618	\$ 98,600,569
Buildings and improvements	131,847,613	110,488,964
Land Improvements	604,920	319,107
Furniture and Equipment	4,698,679	3,436,305
Right-to-use subscription IT assets	544,659	909,869
Total	\$ 234,833,489	\$ 213,754,814

* Refer to Note 16 to the financial statements for additional information related to the restatement.

This year's addition of \$17,762,308 included the continued Marine View Middle School Modernization, Park View Demolition, and other modernization projects. No debt was issued for these additions.

This year's addition of equipment included Carbon Neutral Gas (CNG) school buses, Star View furniture, Mesa View furniture, and other items.

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

Long-Term Liabilities Other Than Other Postemployment Benefits (OPEB) and Pensions

At the end of this year, the District had \$175,331,589 in long-term liabilities other than OPEB and pension versus \$150,618,502 last year, an increase of \$24,713,087, or 16.4%. Those long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2024	2023
Long-Term Liabilities		
General obligation bonds	\$ 150,895,000	\$ 126,975,000
Premium on issuance of general obligation bonds	10,262,048	7,733,332
Certificates of participation	12,725,000	14,555,000
Premium on issuance of certificates of participation	43,151	51,781
Discount on issuance of certificates of participation	(20,725)	(24,178)
Subscription-based IT arrangements	231,392	211,277
Compensated absences	1,195,723	1,116,290
Total	\$ 175,331,589	\$ 150,618,502

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

At year end, the District had an OPEB liability of \$26,092,916 versus \$24,476,806 last year, an increase of \$1,616,110, or 6.6%.

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

At year-end, the District has an aggregate net pension liability of \$91,677,785 versus \$85,203,248 last year, an increase of \$6,474,537, or 7.6%.

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

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2023-2024 ARE NOTED BELOW:

- Returned Returned students to Star View Elementary School for a grand reopening of their modernized site.
- All schools received Positive Behavioral Interventions and Supports (PBIS) awards. The Gold Level awardees include College View and Star View. Silver Level recipients are Circle View, Golden View, Hope View, Lake View, Marine View, Mesa View, Oak View, Vista View, and Westmont. Bronze Level honorees include Harbour View and Village View.
- The District provided staff with an overall 4% increase in salary.
- The District participated the in State funded Classified School Employee Summer Assistance Program.
- Continued a summer school enrichment program for all students.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2024-2025 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. One-time funding is removed from subsequent year budgets when building the multi-year projections.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Assistant Superintendent, Administrative Services, at Ocean View School District, 17200 Pinehurst Lane, Huntington Beach, California 92647.

Ocean View School District
Statement of Net Position
June 30, 2024

	Governmental Activities
Assets	
Deposits and investments	\$ 82,292,173
Receivables	9,849,136
Stores inventories	165,915
Other current assets	155,499
Lease receivables	42,309,535
Capital assets not depreciated or amortized	97,137,618
Capital assets, net of accumulated depreciation and amortization	137,695,871
Total assets	369,605,747
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	4,939,366
Deferred outflows of resources related to pensions	26,297,608
Total deferred outflows of resources	31,236,974
Liabilities	
Accounts payable	17,653,249
Interest payable	2,242,672
Unearned revenue	1,302,297
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	4,658,229
OPEB liability due in one year	442,607
Long-term liabilities other than OPEB and pensions due in more than one year	170,673,360
Other postemployment benefits (OPEB) liability	25,650,309
Aggregate net pension liability	91,677,785
Total liabilities	314,300,508
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	5,836,272
Deferred inflows of resources related to pensions	9,169,448
Deferred inflows of resources related to leases	42,309,535
Total deferred inflows of resources	57,315,255
Net Position	
Net investment in capital assets	69,314,961
Restricted for	
Debt service	5,162,743
Capital projects	6,729,643
Educational programs	18,942,835
Nutrition services	3,707,897
Other activities	1,322,237
Unrestricted (deficit)	(75,953,358)
Total net position	\$ 29,226,958

Ocean View School District
Balance Sheet – Governmental Funds
June 30, 2024

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	\$ 44,535,807	\$ 13,713,990	\$ 2,628,155	\$ 21,414,221	\$ 82,292,173
Receivables	8,882,018	65,964	44,654	856,500	9,849,136
Due from other funds	265,162	-	-	-	265,162
Stores inventories	98,058	-	-	67,857	165,915
Other current assets	155,499	-	-	-	155,499
Lease receivables	-	-	42,309,535	-	42,309,535
Total assets	<u>\$ 53,936,544</u>	<u>\$ 13,779,954</u>	<u>\$ 44,982,344</u>	<u>\$ 22,338,578</u>	<u>\$ 135,037,420</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 11,775,439	\$ 5,162,616	\$ 64,147	\$ 651,047	\$ 17,653,249
Due to other funds	-	-	-	265,162	265,162
Unearned revenue	103,542	-	700	1,198,055	1,302,297
Total liabilities	<u>11,878,981</u>	<u>5,162,616</u>	<u>64,847</u>	<u>2,114,264</u>	<u>19,220,708</u>
Deferred Inflows of Resources					
Deferred inflows of resources related to leases	-	-	42,309,535	-	42,309,535
Fund Balances					
Nonspendable	151,058	-	-	68,857	219,915
Restricted	18,942,835	8,617,338	554,029	18,611,163	46,725,365
Committed	4,000,000	-	-	-	4,000,000
Assigned	2,537,406	-	2,053,933	1,544,294	6,135,633
Unassigned	16,426,264	-	-	-	16,426,264
Total fund balances	<u>42,057,563</u>	<u>8,617,338</u>	<u>2,607,962</u>	<u>20,224,314</u>	<u>73,507,177</u>
Total liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 53,936,544</u>	<u>\$ 13,779,954</u>	<u>\$ 44,982,344</u>	<u>\$ 22,338,578</u>	<u>\$ 135,037,420</u>

Ocean View School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2024

Total Fund Balance - Governmental Funds		\$ 73,507,177
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	\$ 338,629,690	
Accumulated depreciation and amortization is	<u>(103,796,201)</u>	
Net capital assets		234,833,489
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		
		(2,242,672)
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		
Other postemployment benefits (OPEB) liability	4,939,366	
Aggregate net pension liability	<u>26,297,608</u>	
Total deferred outflows of resources		31,236,974
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Other postemployment benefits (OPEB) liability	(5,836,272)	
Aggregate net pension liability	<u>(9,169,448)</u>	
Total deferred inflows of resources		(15,005,720)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(91,677,785)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(26,092,916)
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	(150,895,000)	
Premium on issuance of general obligation bonds	(10,262,048)	
Certificates of participation	(12,725,000)	
Premium on issuance of certificates of participation	(43,151)	
Discount on issuance of certificates of participation	20,725	
Subscription-based IT arrangements	(231,392)	
Compensated absences (vacations)	<u>(1,195,723)</u>	
Total long-term liabilities		<u>(175,331,589)</u>
Total net position - governmental activities		<u>\$ 29,226,958</u>

Ocean View School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2024

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula (LCFF)	\$ 85,035,841	\$ -	\$ -	\$ -	\$ 85,035,841
Federal sources	8,072,118	-	-	2,986,988	11,059,106
Other State sources	15,337,751	-	-	3,112,388	18,450,139
Other local sources	11,504,670	1,157,055	2,882,319	9,480,853	25,024,897
Total revenues	<u>119,950,380</u>	<u>1,157,055</u>	<u>2,882,319</u>	<u>15,580,229</u>	<u>139,569,983</u>
Expenditures					
Current					
Instruction	71,717,816	-	-	507,526	72,225,342
Instruction-related activities					
Supervision of instruction	3,771,487	-	-	32,962	3,804,449
Instructional library, media, and technology	978,979	-	-	-	978,979
School site administration	6,574,420	-	-	69,066	6,643,486
Pupil services					
Home-to-school transportation	4,392,838	-	-	-	4,392,838
Food services	59,973	-	-	4,400,710	4,460,683
All other pupil services	4,118,822	-	-	56	4,118,878
Administration					
Data processing	2,093,791	-	-	-	2,093,791
All other administration	6,720,575	-	-	259,695	6,980,270
Plant services	11,700,654	1,215,735	983	86,272	13,003,644
Ancillary services	5,340,830	-	-	103,109	5,443,939
Community services	19,800	-	-	1,305,929	1,325,729
Other outgo	956,857	-	-	-	956,857
Facility acquisition and construction	2,400,677	25,658,865	64,147	103,475	28,227,164
Debt service					
Principal	206,160	-	1,830,000	3,080,000	5,116,160
Interest and other	5,830	308,316	439,525	4,710,695	5,464,366
Total expenditures	<u>121,059,509</u>	<u>27,182,916</u>	<u>2,334,655</u>	<u>14,659,495</u>	<u>165,236,575</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,109,129)</u>	<u>(26,025,861)</u>	<u>547,664</u>	<u>920,734</u>	<u>(25,666,592)</u>
Other Financing Sources					
Other sources - proceeds from issuance of general obligation bonds	-	27,000,000	-	-	27,000,000
Other sources - premium from issuance of general obligation bonds	-	-	-	2,934,070	2,934,070
Other sources - subscription-based IT arrangements	226,275	-	-	-	226,275
Net Financing Sources	<u>226,275</u>	<u>27,000,000</u>	<u>-</u>	<u>2,934,070</u>	<u>30,160,345</u>
Net Change in Fund Balances	(882,854)	974,139	547,664	3,854,804	4,493,753
Fund Balance - Beginning	<u>42,940,417</u>	<u>7,643,199</u>	<u>2,060,298</u>	<u>16,369,510</u>	<u>69,013,424</u>
Fund Balance - Ending	<u>\$ 42,057,563</u>	<u>\$ 8,617,338</u>	<u>\$ 2,607,962</u>	<u>\$ 20,224,314</u>	<u>\$ 73,507,177</u>

Ocean View School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
Year Ended June 30, 2024

Total Net Change in Fund Balances - Governmental Funds \$ 4,493,753

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

Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expense in the Statement of Activities.

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

Capital outlay	\$ 29,703,794
Depreciation and amortization expense	<u>(8,557,130)</u>

Net expense adjustment 21,146,664

Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds. (67,989)

Right-to-use subscription IT assets acquired this year were financed with subscription-based IT arrangements (SBITAs). The amount financed by the SBITAs is reported in the governmental funds as a source of financing. On the other hand, the SBITAs are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position. (226,275)

In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) 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 amount is the difference between vacation earned and used. Vacation earned was more than the amount used by \$79,433. (79,433)

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and aggregate net pension liability during the year. 3,273,642

Ocean View School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
Year Ended June 30, 2024

<p>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 OPEB liability during the year.</p>	\$ (1,057,939)
<p>Proceeds received from General obligation bonds or certificates 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:</p> <p style="padding-left: 20px;">General obligation bonds</p>	(27,000,000)
<p>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:</p> <p style="padding-left: 20px;">Premium on issuance</p>	(2,934,070)
<p>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</p> <p style="padding-left: 20px;">General obligation bonds</p> <p style="padding-left: 20px;">Certificates of participation</p> <p style="padding-left: 20px;">Subscription-based IT arrangements</p>	<p>3,080,000</p> <p>1,830,000</p> <p>206,160</p>
<p>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</p> <p style="padding-left: 20px;">Amortization of debt premium</p> <p style="padding-left: 20px;">Amortization of debt discount</p>	<p>413,984</p> <p>(3,453)</p>
<p>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.</p>	(463,438)
<p style="padding-left: 40px;">Change in net position of governmental activities</p>	<p><u>\$ 2,611,606</u></p>

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

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

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

Basis of Presentation - Fund Accounting

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

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 \$210,578.

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.

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).

Non-Major Governmental Funds

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

- **Student Activity Fund** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.
- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.
- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

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

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).
- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070.10 et seq.).

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 the District (*Education Code* Sections 15125-15262).

Basis of Accounting - Measurement Focus

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

The government-wide statement of activities presents a comparison between expenses, both direct and indirect of the District and for each governmental function. 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 of capital assets and amortization of subscription IT assets. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

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

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

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

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

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

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

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

The District's investment in the county treasury is measured at fair value on a recurring basis, which is determined by the fair value per share of the underlying portfolio determined by the program sponsor. Positions in this investment pool are not required to be categorized within the fair value hierarchy.

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.

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.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2024.

The District records the value of right-to-use subscription IT assets based on the underlying subscription asset in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The right-to-use subscription IT asset is amortized each year for the term of the contract or useful life of the underlying asset.

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' columns of the statement of net position, except for the net residual amounts due between governmental activities, which are presented as internal balances.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position. For governmental funds, the current portion of unpaid compensated absences is 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, leases, and other long-term liabilities are recognized as liabilities in the governmental fund financial statements when due.

Debt Issuance Costs, Premiums and Discounts

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

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the 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.

Leases

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

Subscriptions

The District recognizes a subscription liability and an intangible right-to-use subscription IT asset (subscription IT asset) in the government-wide financial statements. At the commencement of the subscription term, the District measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription IT asset is initially measured as the initial amount of the subscription liability, plus certain initial direct costs. Subsequently, the subscription IT asset is amortized on a straight-line basis over the subscription term or useful life of the underlying asset. The amortization period varies from 2 to 6 years.

Fund Balances - Governmental Funds

As of June 30, 2024, fund balances of the governmental funds are classified as follows:

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

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

Committed – amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

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 one-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 \$35,872,355 of net position restricted by enabling legislation.

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.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2024, are classified in the accompanying financial statements as follows:

Governmental activities	<u>\$ 82,292,173</u>
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Deposits and investments as of June 30, 2024, consist of the following:

Cash on hand and in banks	\$ 801,257
Cash in revolving	54,000
Investments	<u>81,436,916</u>
Total deposits and investments	<u>\$ 82,292,173</u>

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 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 \$81,436,916 with the Orange County Treasury Investment Pool that has an average weighted maturity of 407 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% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2024, the District has bank balances exposed to custodial credit risk totaling \$260,146 because it was uninsured and not collateralized.

Note 3 - Receivables

Receivables at June 30, 2024, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Activities
Federal Government					
Categorical aid	\$ 4,704,589	\$ -	\$ -	\$ 387,281	\$ 5,091,870
State Government					
LCFF apportionment	639,163	-	-	-	639,163
Categorical aid	2,287,308	-	-	315,527	2,602,835
Lottery	434,451	-	-	-	434,451
Local Government					
Interest	170,389	58,656	9,313	35,095	273,453
Other local sources	646,118	7,308	35,341	118,597	807,364
	<u>\$ 8,882,018</u>	<u>\$ 65,964</u>	<u>\$ 44,654</u>	<u>\$ 856,500</u>	<u>\$ 9,849,136</u>

Note 4 - Capital Assets

Capital assets activity for the fiscal year ended June 30, 2024, was as follows:

	July 1, 2023 as Restated	Additions	Deductions	Balance June 30, 2024
Governmental Activities				
Capital assets not being depreciated or amortized				
Land	\$ 10,554,104	\$ -	\$ -	\$ 10,554,104
Construction in progress	88,046,465	27,328,990	(28,791,941)	86,583,514
Total capital assets not being depreciated or amortized	<u>98,600,569</u>	<u>27,328,990</u>	<u>(28,791,941)</u>	<u>97,137,618</u>
Capital assets being depreciated and amortized				
Land improvements	7,267,230	346,034	-	7,613,264
Buildings and improvements	182,931,340	28,624,385	-	211,555,725
Furniture and equipment	19,321,368	1,883,665	-	21,205,033
Right-to-use subscription IT assets	1,459,299	312,661	(653,910)	1,118,050
Total capital assets being depreciated and amortized	<u>210,979,237</u>	<u>31,166,745</u>	<u>(653,910)</u>	<u>241,492,072</u>
Total capital assets	<u>309,579,806</u>	<u>58,495,735</u>	<u>(29,445,851)</u>	<u>338,629,690</u>
Accumulated depreciation and amortization				
Land improvements	(6,948,123)	(60,221)	-	(7,008,344)
Buildings and improvements	(72,442,376)	(7,265,736)	-	(79,708,112)
Furniture and equipment	(15,885,063)	(621,291)	-	(16,506,354)
Right-to-use subscription IT assets	(549,430)	(609,882)	585,921	(573,391)
Total accumulated depreciation and amortization	<u>(95,824,992)</u>	<u>(8,557,130)</u>	<u>585,921</u>	<u>(103,796,201)</u>
Net-depreciable and amortizable capital assets	<u>115,154,245</u>	<u>22,609,615</u>	<u>(67,989)</u>	<u>137,695,871</u>
Governmental activities capital assets, net	<u>\$ 213,754,814</u>	<u>\$ 49,938,605</u>	<u>\$ (28,859,930)</u>	<u>\$ 234,833,489</u>

Depreciation and amortization expense was charged to governmental functions as follows:

Governmental Activities	
Instruction	\$ 4,441,416
Home-to-school transportation	59,605
Food services	131,129
All other pupil services	175,635
Data processing	5,266
All other administration	476,172
Plant services	<u>3,267,907</u>
Total depreciation and amortization expense governmental activities	<u>\$ 8,557,130</u>

Note 5 - Lease Receivables

Lease receivables are recorded by the District at the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provisions of estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the District charges the lessee. The District has accrued a receivable for leasing facilities to various lessees. These leases are non-cancelable for periods more than one year. During the fiscal year, the District recognized \$1,165,251 in lease revenue and \$1,030,633 in interest revenue related to these agreements. As of June 30, 2024, the District recorded \$42,309,535 in lease receivable and deferred inflow of resources for these agreements. The interest rate on these leases is 2.45%.

Note 6 - 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, 2024, between major and non-major governmental funds are as follows:

Due To	Due From Non-Major Governmental Funds
General Fund	\$ 265,162

A balance of \$137,091 is due from the Child Development Non-Major Governmental Fund to the General Fund for indirect costs.

A balance of \$1,986 is due from the Child Development Non-Major Governmental Fund to the General Fund for payroll, benefits and other operating expenditures.

A balance of \$5,531 is due from the Child Development Non-Major Governmental Fund to the General Fund for inventory.

A balance of \$116,254 is due from the Cafeteria Non-Major Governmental Fund to the General Fund for indirect costs.

A balance of \$2,772 is due from the Cafeteria Non-Major Governmental Fund to the General Fund for payroll, benefits and other operating expenditures.

A balance of \$1,528 is due from the Cafeteria Non-Major Governmental Fund to the General Fund for inventory.

Note 7 - Accounts Payable

Accounts payable at June 30, 2024, consisted of the following:

	General Fund	Building Fund	Special Reserve Fund For Capital Outlay Projects	Non-Major Governmental Funds	Total
Salaries and benefits	\$ 6,723,375	\$ -	\$ -	\$ 466,752	\$ 7,190,127
Other vendor payables	4,679,336	5,162,616	64,147	184,295	10,090,394
Due to other LEAs	365,040	-	-	-	365,040
Due to CDE	7,688	-	-	-	7,688
Total	\$ 11,775,439	\$ 5,162,616	\$ 64,147	\$ 651,047	\$ 17,653,249

Note 8 - Unearned Revenue

Unearned revenue at June 30, 2024, consisted of the following:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Federal financial assistance	\$ 103,542	\$ -	\$ -	\$ 103,542
State categorical aid	-	-	1,141,498	1,141,498
Other local	-	700	56,557	57,257
Total	\$ 103,542	\$ 700	\$ 1,198,055	\$ 1,302,297

Note 9 - 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, 2023	Additions	Deductions	Balance June 30, 2024	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 126,975,000	\$ 27,000,000	\$ (3,080,000)	\$ 150,895,000	\$ 2,675,000
Premium on issuance of general obligation bonds	7,733,332	2,934,070	(405,354)	10,262,048	-
Certificates of participation	14,555,000	-	(1,830,000)	12,725,000	1,890,000
Premium on issuance of certificates of participation	51,781	-	(8,630)	43,151	-
Discount on issuance of certificates of participation	(24,178)	3,453	-	(20,725)	-
Subscription-based IT arrangements	211,277	226,275	(206,160)	231,392	93,229
Compensated absences	1,116,290	79,433	-	1,195,723	-
Total	<u>\$ 150,618,502</u>	<u>\$ 30,243,231</u>	<u>\$ (5,530,144)</u>	<u>\$ 175,331,589</u>	<u>\$ 4,658,229</u>

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. Subscription-based IT arrangements are paid by the General Fund. Supplemental early retirement plan is paid by the General Fund. Compensated absences will be paid by the General Fund, Child Development Fund, and Cafeteria Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2023	Issued	Redeemed	Bonds Outstanding June 30, 2024
5/17/2017	8/1/2046	2.00-5.00%	\$ 45,000,000	\$ 33,125,000	\$ -	\$ (525,000)	\$ 32,600,000
2/13/2020	8/1/2049	2.00-6.00%	42,000,000	38,850,000	-	(2,555,000)	36,295,000
10/20/2021	8/1/2050	2.25-5.00%	55,000,000	55,000,000	-	-	55,000,000
8/10/2023	8/1/2050	4.00-6.00%	27,000,000	-	27,000,000	-	27,000,000
				<u>\$ 126,975,000</u>	<u>\$ 27,000,000</u>	<u>\$ (3,080,000)</u>	<u>\$ 150,895,000</u>

The Bonds mature through 2051 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2025	\$ 2,675,000	\$ 5,235,056	\$ 7,910,056
2026	1,760,000	5,114,306	6,874,306
2027	1,165,000	5,029,431	6,194,431
2028	960,000	4,970,506	5,930,506
2029	1,200,000	4,912,856	6,112,856
2030-2034	10,655,000	23,260,181	33,915,181
2035-2039	21,070,000	19,999,500	41,069,500
2040-2044	34,710,000	15,063,009	49,773,009
2045-2049	51,400,000	8,180,481	59,580,481
2050-2051	25,300,000	835,531	26,135,531
Total	<u>\$ 150,895,000</u>	<u>\$ 92,600,857</u>	<u>\$ 243,495,857</u>

Certificates of Participation

The outstanding certificates of participation debt is as follows:

<u>Issuance Date</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Bonds Outstanding July 1, 2023</u>	<u>Redeemed</u>	<u>Bonds Outstanding June 30, 2024</u>
6/19/2014	6/1/2029	3.00-3.38%	\$ 10,720,000	\$ 5,875,000	\$ (975,000)	\$ 4,900,000
8/26/2015	6/1/2030	3.00-4.00%	11,870,000	8,680,000	(855,000)	7,825,000
				<u>\$ 14,555,000</u>	<u>\$ (1,830,000)</u>	<u>\$ 12,725,000</u>

The certificates of participation mature through 2030, as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,890,000	\$ 391,038	\$ 2,281,038
2026	1,980,000	334,338	2,314,338
2027	2,070,000	274,938	2,344,938
2028	2,165,000	212,838	2,377,838
2029	2,260,000	145,413	2,405,413
2030	2,360,000	73,750	2,433,750
Total	<u>\$ 12,725,000</u>	<u>\$ 1,432,315</u>	<u>\$ 14,157,315</u>

Subscriptions-Based Information Technology Arrangements (SBITAs)

The District entered into a SBITA for the use of various educational and operational software. At June 30, 2024, the District has recognized a right-to-use subscriptions IT asset of \$544,659 and a SBITA liability of \$231,392 related to this agreement. During the fiscal year, the District recorded \$609,882 in amortization expense. The District is required to make annual principal and interest payments through June 2028. The subscription has an interest rate of 4.03%.

The remaining principal and interest payment requirements for the SBITA obligation debt as of June 30, 2024 are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 93,229	\$ 9,325	\$ 102,554
2026	43,361	5,568	48,929
2027	46,009	3,820	49,829
2028	48,793	1,966	50,759
Total	<u>\$ 231,392</u>	<u>\$ 20,679</u>	<u>\$ 252,071</u>

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2024, amounted to \$1,195,723.

Note 10 - Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2024, the District reported OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 25,769,847	\$ 4,939,366	\$ 5,836,272	\$ 1,737,242
Medicare Premium Payment (MPP) Program	323,069	-	-	(36,259)
Total	<u>\$ 26,092,916</u>	<u>\$ 4,939,366</u>	<u>\$ 5,836,272</u>	<u>\$ 1,700,983</u>

The details of each plan are as follows:

District Plan

Plan Administration

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

Plan Membership

At July 1, 2023, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	23
Active employees	509
Total	532

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 2023-2024, the District paid \$643,041 in benefits.

Total OPEB Liability of the District

The District’s total OPEB liability of \$25,769,847 was measured as of June 30, 2024, and the total OPEB liability was determined by an actuarial valuation as of July 1, 2023.

Actuarial Assumptions

The total OPEB liability as of June 30, 2024 was determined by applying updated procedures to the financial reporting actuarial valuation as of July 1, 2023 and rolling forward the total OPEB liability to June 30, 2024. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.25%, average, including inflation
Discount rate	4.21% for 2024
Healthcare cost trend rates	7.00%

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

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2021 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actual experience study for the period July 1, 2022, to June 30, 2023.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance, June 30, 2023	<u>\$ 24,117,478</u>
Service cost	1,034,388
Interest	1,025,628
Changes of assumptions	235,394
Benefit payments	<u>(643,041)</u>
Net change in total OPEB liability	<u>1,652,369</u>
Balance, June 30, 2024	<u><u>\$ 25,769,847</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 4.13% in 2023 to 4.21% in 2024.

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 (3.21%)	\$ 27,405,836
Current discount rate (4.21%)	25,769,847
1% increase (5.21%)	24,181,096

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 (6.00%)	\$ 23,293,703
Current healthcare cost trend rate (7.00%)	25,769,847
1% increase (8.00%)	28,590,134

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$1,737,242. At June 30, 2024, 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	\$ -	\$ 2,513,961
Changes of assumptions	4,939,366	3,322,311
Total	\$ 4,939,366	\$ 5,836,272

The 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
2025	\$ (322,774)
2026	(327,749)
2027	(368,655)
2028	(212,065)
2029	(21,729)
Thereafter	356,066
Total	\$ (896,906)

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, 2022 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, 2024, the District reported a liability of \$323,069 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. 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, 2023 and June 30, 2022, respectively, was 0.1065%, and 0.1091%, resulting in a net decrease in the proportionate share of 0.0026%.

For the year ended June 30, 2024, the District recognized OPEB expense of \$(36,259).

Actuarial Methods and Assumptions

The June 30, 2023 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total OPEB liability to June 30, 2023, using the assumptions listed in the following table:

Measurement Date	June 30, 2023	June 30, 2022
Valuation Date	June 30, 2022	June 30, 2021
Experience Study	July 1, 2015 through June 30, 2018	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.65%	3.54%
Medicare Part A Premium Cost Trend Rate	4.50%	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%	5.40%

For the valuation as of June 30, 2022, 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 members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members’ age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 179 or an average of 0.13% of the potentially eligible population (138,780).

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, 2023, 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

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan’s fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer’s 20-Bond GO Index from Bondbuyer.com as of June 30, 2023, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2023, was 3.65%, which is an increase of 0.11% from 3.54% as of June 30, 2022.

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 (2.65%)	\$ 351,109
Current discount rate (3.65%)	323,069
1% increase (4.65%)	298,687

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 Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 297,255
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	323,069
1% increase (5.50% Part A and 6.40% Part B)	352,211

Note 11 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 53,000	\$ -	\$ -	\$ 1,000	\$ 54,000
Stores inventories	98,058	-	-	67,857	165,915
Total nonspendable	<u>151,058</u>	<u>-</u>	<u>-</u>	<u>68,857</u>	<u>219,915</u>
Restricted					
Legally restricted programs	18,942,835	-	-	5,030,134	23,972,969
Capital projects	-	8,617,338	554,029	6,175,614	15,346,981
Debt service	-	-	-	7,405,415	7,405,415
Total restricted	<u>18,942,835</u>	<u>8,617,338</u>	<u>554,029</u>	<u>18,611,163</u>	<u>46,725,365</u>
Committed					
Textbook adoption	1,000,000	-	-	-	1,000,000
Technology infrastructure	250,000	-	-	-	250,000
Technology device replacement	500,000	-	-	-	500,000
Facilities, information technology, and food service vehicle replacement	250,000	-	-	-	250,000
Heating, ventilation, and air conditioning repair	1,000,000	-	-	-	1,000,000
Asphalt repair	1,000,000	-	-	-	1,000,000
Total committed	<u>4,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,000,000</u>
Assigned					
Deferred maintenance projects	134,618	-	-	-	134,618
Capital projects	-	-	2,053,933	-	2,053,933
Other Assignments	2,402,788	-	-	1,544,294	3,947,082
Total assigned	<u>2,537,406</u>	<u>-</u>	<u>2,053,933</u>	<u>1,544,294</u>	<u>6,135,633</u>
Unassigned					
Reserve for economic uncertainties	16,426,264	-	-	-	16,426,264
Total	<u>\$ 42,057,563</u>	<u>\$ 8,617,338</u>	<u>\$ 2,607,962</u>	<u>\$ 20,224,314</u>	<u>\$ 73,507,177</u>

Note 12 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2024, 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 2024, 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) and California Public Employees Retirement Systems (CalPERS) to provide employee medical 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. CalPERS, 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, 2024, 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	\$ 54,821,796	\$ 14,061,113	\$ 6,903,050	\$ 6,238,736
CalPERS	36,855,989	12,236,495	2,266,398	4,424,969
Total	<u>\$ 91,677,785</u>	<u>\$ 26,297,608</u>	<u>\$ 9,169,448</u>	<u>\$ 10,663,705</u>

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, 2022, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

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

The STRP provisions and benefits in effect at June 30, 2024, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	2% at 60	2% at 62
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	Monthly for life	Monthly for life
Benefit payments	60	62
Retirement age	2.0% - 2.4%	2.0% - 2.4%
Monthly benefits as a percentage of eligible compensation	10.25%	10.205%
Required employee contribution rate	19.10%	19.10%
Required employer contribution rate	10.828%	10.828%
Required state contribution rate		

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the District's total contributions were \$8,881,703.

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

At June 30, 2024, 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	\$ 54,821,796
State's proportionate share of the net pension liability	<u>26,266,664</u>
Total	<u><u>\$ 81,088,460</u></u>

The net pension liability was measured as of June 30, 2023. 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, 2023 and June 30, 2022, respectively was 0.0720% and 0.0727%, resulting in a net decrease in the proportionate share of 0.0007%.

For the year ended June 30, 2024, the District recognized pension expense of \$6,238,736. In addition, the District recognized pension expense and revenue of \$3,572,992 for support provided by the State. At June 30, 2024, 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	\$ 8,881,703	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	319,222	3,969,806
Differences between projected and actual earnings on pension plan investments	234,660	-
Differences between expected and actual experience in the measurement of the total pension liability	4,308,090	2,933,244
Changes of assumptions	<u>317,438</u>	<u>-</u>
Total	<u><u>\$ 14,061,113</u></u>	<u><u>\$ 6,903,050</u></u>

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ (1,724,736)
2026	(2,702,964)
2027	4,441,916
2028	220,444
Total	\$ 234,660

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
2025	\$ (919,991)
2026	(664,484)
2027	(525,619)
2028	(414,923)
2029	(122,733)
Thereafter	689,450
Total	\$ (1,958,300)

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, 2022, and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2023, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	38%	5.25%
Real estate	15%	4.05%
Private equity	14%	6.75%
Fixed income	14%	2.45%
Risk mitigating strategies	10%	2.25%
Inflation sensitive	7%	3.65%
Cash/liquidity	2%	0.05%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 91,959,188
Current discount rate (7.10%)	54,821,796
1% increase (8.10%)	23,974,863

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, 2022 annual actuarial valuation reports, 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, 2024, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	26.680%	26.680%

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the total District contributions were \$5,055,644.

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$36,855,989. The net pension liability was measured as of June 30, 2023. 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, 2023 and June 30, 2022, respectively was 0.1018% and 0.1008%, resulting in a net increase in the proportionate share of 0.0010%.

For the year ended June 30, 2024, the District recognized pension expense of \$4,424,969. At June 30, 2024, 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	\$ 5,055,644	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	201,184	1,700,344
Differences between projected and actual earnings on pension plan investments	3,936,747	-
Differences between expected and actual experience in the measurement of the total pension liability	1,344,979	566,054
Changes of assumptions	1,697,941	-
Total	\$ 12,236,495	\$ 2,266,398

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
2025	\$ 734,356
2026	435,051
2027	2,644,824
2028	122,516
Total	\$ 3,936,747

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 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ 69,922
2026	469,233
2027	438,551
Total	\$ 977,706

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, 2022, and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. 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 - cap-weighted	30%	4.54%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	(5%)	(0.59%)

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. 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 expected rate of return on the School Employer Pool investments 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 (5.90%)	\$ 53,284,234
Current discount rate (6.90%)	36,855,989
1% increase (7.90%)	23,278,419

Tax Deferred Annuity/Social Security

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

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$4,182,855 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 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, 2024.

Litigation

The District is not currently a party to any legal proceedings.

Construction Commitments

As of June 30, 2024, the District had the following commitments with respect to the unfinished capital projects:

<u>Capital Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Mesa Modernization	\$ 3,916,237	September 2025
Star Modernization	571,669	September 2025
Relocatables	3,628,430	September 2025
HVAC - Mesa	<u>368,026</u>	September 2024
Total	<u>\$ 8,484,362</u>	

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, California Public Employees Retirement Systems (CalPERS), 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 and 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, 2024, the District made payments of \$964,052, \$7,814,392, and \$1,700,175 to the West Orange County Self-Funded Workers' Compensation Agency, CalPERS, and Alliance of Schools for Cooperative Insurance Programs Joint Powers Authority, respectively, for annual premium payments.

Note 16 - Restatement

Correction of an Error in Previously Issued Financial Statements

During fiscal year 2023-2024, the District determined that there was a certain error in amounts previously reported in the 2022-2023 financial statements resulting in a restatement of the beginning net position. The correction consists of the following:

1. It was discovered in the current year that the system was not calculating depreciation for certain capital assets in the building and improvement category.

Governmental Activities	
Net Position - Beginning, as previously reported June 30, 2023	\$ 29,931,719
Understatement of accumulated depreciation [1]	<u>(3,316,367)</u>
Net Position - Beginning as restated July 1, 2023	<u>\$ 26,615,352</u>

The impact of the above restatement related to the error decreased the change in net position of the governmental activities by \$3,316,367 for the fiscal year ending June 30, 2023.



Required Supplementary Information
June 30, 2024

Ocean View School District

Ocean View School District
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 84,569,876	\$ 85,426,616	\$ 85,035,841	\$ (390,775)
Federal sources	5,801,032	8,526,374	8,072,118	(454,256)
Other State sources	13,363,383	15,298,872	15,337,751	38,879
Other local sources	7,923,290	10,261,967	11,504,670	1,242,703
Total revenues ¹	<u>111,657,581</u>	<u>119,513,829</u>	<u>119,950,380</u>	<u>436,551</u>
Expenditures				
Current				
Certificated salaries	43,837,774	46,270,011	48,522,348	(2,252,337)
Classified salaries	18,688,208	19,368,316	20,379,439	(1,011,123)
Employee benefits	29,146,992	30,375,901	28,829,657	1,546,244
Books and supplies	2,861,990	4,869,618	3,793,395	1,076,223
Services and operating expenditures	10,294,365	16,460,418	15,191,680	1,268,738
Other outgo	365,514	215,510	703,507	(487,997)
Capital outlay	1,977,610	3,959,347	3,427,493	531,854
Debt service				
Debt service - principal	-	-	206,160	(206,160)
Debt service - interest and other	-	-	5,830	(5,830)
Total expenditures ¹	<u>107,172,453</u>	<u>121,519,121</u>	<u>121,059,509</u>	<u>459,612</u>
Excess of Revenues Over Expenditures	<u>4,485,128</u>	<u>(2,005,292)</u>	<u>(1,109,129)</u>	<u>896,163</u>
Other Financing Sources				
Other sources - subscription-based IT arrangements	-	-	226,275	226,275
Net Change in Fund Balances	4,485,128	(2,005,292)	(882,854)	1,122,438
Fund Balance - Beginning	<u>42,940,417</u>	<u>42,940,417</u>	<u>42,940,417</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 47,425,545</u>	<u>\$ 40,935,125</u>	<u>\$ 42,057,563</u>	<u>\$ 1,122,438</u>

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.

Ocean View School District
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2024

	2024	2023	2022	2021
Total OPEB Liability				
Service cost	\$ 1,034,388	\$ 881,502	\$ 1,283,991	\$ 1,200,431
Interest	1,025,628	815,245	519,345	579,745
Differences between expected and actual experience in the measurement of the total OPEB liability	-	(1,808,932)	(1,142,537)	-
Changes of assumptions	235,394	5,385,830	(3,636,174)	762,527
Benefit payments	(643,041)	(410,508)	(615,602)	(579,969)
Net change in total OPEB liability	1,652,369	4,863,137	(3,590,977)	1,962,734
Total OPEB Liability - Beginning	\$ 24,117,478	\$ 19,254,341	\$ 22,845,318	\$ 20,882,584
Total OPEB Liability - Ending	\$ 25,769,847	\$ 24,117,478	\$ 19,254,341	\$ 22,845,318
Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Total OPEB Liability as a Percentage of Covered Payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
		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.

Ocean View School District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2024

Year ended June 30,	2024	2023	2022	2021
Proportion of the net OPEB liability	0.1065%	0.1091%	0.1163%	0.1320%
Proportionate share of the net OPEB liability	\$ 323,069	\$ 359,328	\$ 463,701	\$ 559,190
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(0.96%)	(0.94%)	(0.80%)	(0.71%)
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
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.

Ocean View School District
Schedule of the District's Proportionate Share of the Net Pension Liability - CalSTRS
Year Ended June 30, 2024

CalSTRS	2024	2023	2022	2021	2020
Proportion of the net pension liability	0.0720%	0.0727%	0.0773%	0.0757%	0.0762%
Proportionate share of the net pension liability	\$ 54,821,796	\$ 50,504,285	\$ 35,196,167	\$ 73,386,486	\$ 68,862,904
State's proportionate share of the net pension liability	26,266,664	25,292,349	17,709,346	37,830,742	37,569,311
Total	<u>\$ 81,088,460</u>	<u>\$ 75,796,634</u>	<u>\$ 52,905,513</u>	<u>\$ 111,217,228</u>	<u>\$ 106,432,215</u>
Covered payroll	<u>\$ 44,969,895</u>	<u>\$ 43,064,610</u>	<u>\$ 42,721,907</u>	<u>\$ 41,098,047</u>	<u>\$ 40,215,018</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	121.91%	117.28%	82.38%	178.56%	171.24%
Plan fiduciary net position as a percentage of the total pension liability	81%	81%	87%	72%	73%
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.0757%	0.0778%	0.0806%	0.0837%	0.0836%
Proportionate share of the net pension liability	\$ 69,538,654	\$ 71,969,514	\$ 65,203,930	\$ 56,334,655	\$ 48,824,373
State's proportionate share of the net pension liability	39,814,132	42,576,556	37,119,434	29,794,822	29,482,264
	<u>\$ 109,352,786</u>	<u>\$ 114,546,070</u>	<u>\$ 102,323,364</u>	<u>\$ 86,129,477</u>	<u>\$ 78,306,637</u>
Covered payroll	<u>\$ 40,347,263</u>	<u>\$ 40,833,188</u>	<u>\$ 39,393,075</u>	<u>\$ 37,924,471</u>	<u>\$ 37,497,499</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	172.35%	176.25%	165.52%	148.54%	130.21%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%	70%	74%	77%
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Ocean View School District
Schedule of the District's Proportionate Share of the Net Pension Liability - CalPERS
Year Ended June 30, 2024

CalPERS	2024	2023	2022	2021	2020
Proportion of the net pension liability	0.1018%	0.1008%	0.1094%	0.1152%	0.1193%
Proportionate share of the net pension liability	\$ 36,855,989	\$ 34,698,963	\$ 22,250,835	\$ 35,338,116	\$ 34,770,329
Covered payroll	\$ 17,608,873	\$ 14,934,448	\$ 16,072,942	\$ 16,605,694	\$ 16,458,615
Proportionate share of the net pension liability as a percentage of its covered payroll	209.30%	232.34%	138.44%	212.81%	211.26%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	81%	70%	70%
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.1258%	0.1266%	0.1299%	0.1364%	0.1370%
Proportionate share of the net pension liability	\$ 33,531,043	\$ 30,221,356	\$ 25,660,835	\$ 20,112,330	\$ 15,558,329
Covered payroll	\$ 16,807,939	\$ 15,428,298	\$ 15,574,399	\$ 15,147,003	\$ 15,147,003
Proportionate share of the net pension liability as a percentage of its covered payroll	199.50%	195.88%	164.76%	132.78%	102.72%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	74%	79%	83%
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Ocean View School District
Schedule of the District's Contributions - CalSTRS
Year Ended June 30, 2024

CalSTRS	2024	2023	2022	2021	2020
Contractually required contribution	\$ 8,881,703	\$ 8,589,250	\$ 7,286,532	\$ 6,899,588	\$ 7,027,766
Less contributions in relation to the contractually required contribution	<u>8,881,703</u>	<u>8,589,250</u>	<u>7,286,532</u>	<u>6,899,588</u>	<u>7,027,766</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 46,501,063</u>	<u>\$ 44,969,895</u>	<u>\$ 43,064,610</u>	<u>\$ 42,721,907</u>	<u>\$ 41,098,047</u>
Contributions as a percentage of covered payroll	<u>19.10%</u>	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 6,547,005	\$ 5,822,110	\$ 5,136,815	\$ 4,226,877	\$ 3,367,693
Less contributions in relation to the contractually required contribution	<u>6,547,005</u>	<u>5,822,110</u>	<u>5,136,815</u>	<u>4,226,877</u>	<u>3,367,693</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 40,215,018</u>	<u>\$ 40,347,263</u>	<u>\$ 40,833,188</u>	<u>\$ 39,393,075</u>	<u>\$ 37,924,471</u>
Contributions as a percentage of covered payroll	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>

Ocean View School District
Schedule of the District's Contributions - CalPERS
Year Ended June 30, 2024

CalPERS	2024	2023	2022	2021	2020
Contractually required contribution	\$ 5,055,644	\$ 4,467,371	\$ 3,421,482	\$ 3,327,099	\$ 3,274,809
Less contributions in relation to the contractually required contribution	<u>5,055,644</u>	<u>4,467,371</u>	<u>3,421,482</u>	<u>3,327,099</u>	<u>3,274,809</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 18,949,190</u>	<u>\$ 17,608,873</u>	<u>\$ 14,934,448</u>	<u>\$ 16,072,942</u>	<u>\$ 16,605,694</u>
Contributions as a percentage of covered payroll	<u>26.680%</u>	<u>25.370%</u>	<u>22.910%</u>	<u>20.700%</u>	<u>19.721%</u>
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 2,972,755	\$ 2,610,441	\$ 2,142,682	\$ 1,845,099	\$ 1,783,241
Less contributions in relation to the contractually required contribution	<u>2,972,755</u>	<u>2,610,441</u>	<u>2,142,682</u>	<u>1,845,099</u>	<u>1,783,241</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 16,458,615</u>	<u>\$ 16,807,939</u>	<u>\$ 15,428,298</u>	<u>\$ 15,574,399</u>	<u>\$ 15,147,003</u>
Contributions as a percentage of covered payroll	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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

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

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

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The discount rate changed from 4.13% in 2023 to 4.21% in 2024.

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 3.54% to 3.65% 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 the CalSTRS or CalPERS plans from the previous valuations.

Schedule of the District's Contributions

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



Supplementary Information
June 30, 2024

Ocean View School District

Ocean View School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	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 School Improvement Funding for LEAs	84.010 84.010	14329 15438	\$ 1,573,783 9,118
Subtotal			<u>1,582,901</u>
COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	3,194,691
COVID-19 - Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425U	15620	121,809
COVID-19 -Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Learning Loss	84.425U	15621	769,014
COVID-19 -American Rescue Plan - Homeless Children and Youth II (ARP HCY II)	84.425W	15566	<u>84,164</u>
Subtotal			<u>4,169,678</u>
Title III, English Learner Student Program	84.365	14346	179,393
Title II, Part A, Supporting Effective Instruction	84.367	14341	211,751
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	115,598
Passed Through West Orange County Consortium for Special Education Special Education Cluster (IDEA)			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	1,625,584
Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	37,866
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	<u>81,552</u>
Subtotal			<u>1,745,002</u>
Preschool Grants, Part B, Sec 619	84.173	13430	67,117
Preschool Staff Development, Part B, Sec 619	84.173A	13431	<u>678</u>
Subtotal			<u>67,795</u>
Subtotal Special Education Cluster (IDEA)			<u>1,812,797</u>
Total U.S. Department of Education			<u>8,072,118</u>
U.S. Department of Agriculture			
Passed Through CDE			
Child Nutrition Cluster			
School Breakfast Basic	10.553	13525	25,894
School Breakfast Needy	10.553	13526	<u>446,521</u>
Subtotal			<u>472,415</u>
School Lunch - Section 4 Commodities	10.555 10.555	13523 13524	247,308 285,861
School Lunch - Section 11	10.555	13524	1,176,724
COVID-19 Supply Chain Assistance (SCA) Funds	10.555	15655	<u>223,685</u>
Subtotal			<u>1,933,578</u>
Subtotal Child Nutrition Cluster			<u>2,405,993</u>

Ocean View School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
NSLP Equipment Assistance Grants	10.579	14906	\$ 72,000
Passed Through California Department of Social Services			
Child Care Food Program (CCFP) Claims-Centers and Family Centers and Family Day Care Homes	10.558	13393	230,801
Cash in Lieu of Commodities	10.558	13534	<u>16,020</u>
Subtotal			<u>246,821</u>
Total U.S. Department of Agriculture			<u>2,724,814</u>
U.S. Department of Health and Human Services			
Passed through California Department of Social Services			
Child Care and Development Fund (CCDF) Cluster			
COVID-19 Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend	93.575	15555	2,123
COVID-19 California State Preschool Program - Rate Supplements	93.575	15641	<u>11,666</u>
Subtotal			<u>13,789</u>
Total U.S. Department of Health and Human Services			<u>13,789</u>
Total Federal Financial Assistance			<u>\$ 10,810,721</u>

Ocean View School District
Schedule of Average Daily Attendance
Year Ended June 30, 2024

	Final Report	
	Second Period Report	Annual Report
	7D387EA7	7DCA6E1
Regular ADA		
Transitional kindergarten through third	2,711.25	2,721.53
Fourth through sixth	2,126.31	2,123.85
Seventh and eighth	1,477.33	1,474.16
Total Regular ADA	<u>6,314.89</u>	<u>6,319.54</u>
Extended Year Special Education		
Transitional kindergarten through third	0.65	0.65
Fourth through sixth	0.38	0.38
Seventh and eighth	0.34	0.34
Total Extended Year Special Education	<u>1.37</u>	<u>1.37</u>
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.55	0.58
Fourth through sixth	1.80	1.82
Seventh and eighth	0.40	0.46
Total Special Education, Nonpublic, Nonsectarian Schools	<u>2.75</u>	<u>2.86</u>
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.11	0.11
Fourth through sixth	0.42	0.42
Seventh and eighth	0.07	0.07
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	<u>0.60</u>	<u>0.60</u>
Total ADA	<u><u>6,319.61</u></u>	<u><u>6,324.37</u></u>

Ocean View School District
 Schedule of Instructional Time
 Year Ended June 30, 2024

Grade Level	1986-1987 Minutes Requirement	2023-2024 Actual Minutes	Number of Minutes Credited From J-13A	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					Number of Actual Days	Number of Minutes Credited From J-13A	Total Days Offered	Number of Actual Days	Number of Minutes Credited From J-13A	Total Days Offered	
Kindergarten	36,000	53,500	-	53,500	180	-	180	N/A	N/A	N/A	Complied
Grades 1 - 3											
Grade 1	50,400	50,570	-	50,570	180	-	180	N/A	N/A	N/A	Complied
Grade 2	50,400	50,570	-	50,570	180	-	180	N/A	N/A	N/A	Complied
Grade 3	50,400	50,570	-	50,570	180	-	180	N/A	N/A	N/A	Complied
Grades 4 - 8											
Grade 4	54,000	58,610	-	58,610	180	-	180	N/A	N/A	N/A	Complied
Grade 5	54,000	58,610	-	58,610	180	-	180	N/A	N/A	N/A	Complied
Grade 6	54,000	58,452	-	58,452	180	-	180	N/A	N/A	N/A	Complied
Grade 7	54,000	58,452	-	58,452	180	-	180	N/A	N/A	N/A	Complied
Grade 8	54,000	58,452	-	58,452	180	-	180	N/A	N/A	N/A	Complied

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2024.

Ocean View School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2024

	(Budget) 2025 ¹	2024	2023 ¹	2022 ¹
General Fund ³				
Revenues	\$ 108,118,673	\$ 119,931,847	\$ 125,707,317	\$ 105,559,331
Other sources	-	226,275	1,427,940	-
Total revenues and other sources	<u>108,118,673</u>	<u>120,158,122</u>	<u>127,135,257</u>	<u>105,559,331</u>
Expenditures	114,393,439	120,679,268	109,683,422	99,145,732
Other uses	500,000	500,000	320,816	251,818
Total expenditures and other uses	<u>114,893,439</u>	<u>121,179,268</u>	<u>110,004,238</u>	<u>99,397,550</u>
Increase (Decrease) in Fund Balance	<u>(6,774,766)</u>	<u>(1,021,146)</u>	<u>17,131,019</u>	<u>6,161,781</u>
Ending Fund Balance	<u>\$ 35,072,219</u>	<u>\$ 41,846,985</u>	<u>\$ 42,868,131</u>	<u>\$ 25,737,112</u>
Available Reserves ²	<u>\$ 3,452,952</u>	<u>\$ 16,426,264</u>	<u>\$ 15,995,602</u>	<u>\$ 13,126,682</u>
Available Reserves as a Percentage of Total Outgo	<u>3.01%</u>	<u>13.56%</u>	<u>14.54%</u>	<u>13.21%</u>
Long-Term Liabilities	<u>N/A</u>	<u>\$ 293,102,290</u>	<u>\$ 260,298,556</u>	<u>\$ 232,753,291</u>
K-12 Average Daily Attendance at P-2	<u>6,130</u>	<u>6,320</u>	<u>6,386</u>	<u>6,456</u>

The General Fund balance has increased by \$16,109,873 over the past two years. The fiscal year 2024-2025 budget projects a decrease of \$6,774,766 (16.2%). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years; however, the District anticipates incurring an operating deficit during the 2024-2025 fiscal year. Total long-term liabilities have increased by \$60,348,999 over the past two years.

Average daily attendance has decreased by 136 over the past two years. Additional decrease of 190 ADA is anticipated during fiscal year 2024-2025.

¹ Financial information for 2025, 2023, and 2022 are included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund 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.

Ocean View School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2024

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund
Assets				
Deposits and investments	\$ 251,924	\$ 4,065,561	\$ 3,485,689	\$ 5,844,140
Receivables	-	53,762	729,281	21,441
Stores inventories	-	-	67,857	-
Total assets	<u>\$ 251,924</u>	<u>\$ 4,119,323</u>	<u>\$ 4,282,827</u>	<u>\$ 5,865,581</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ 203,159	\$ 344,413	\$ 103,475
Due to other funds	-	144,608	120,554	-
Unearned revenue	-	1,156,949	41,106	-
Total liabilities	<u>-</u>	<u>1,504,716</u>	<u>506,073</u>	<u>103,475</u>
Fund Balances				
Nonspendable	-	-	68,857	-
Restricted	251,924	1,070,313	3,707,897	5,762,106
Assigned	-	1,544,294	-	-
Total fund balances	<u>251,924</u>	<u>2,614,607</u>	<u>3,776,754</u>	<u>5,762,106</u>
Total liabilities and fund balances	<u>\$ 251,924</u>	<u>\$ 4,119,323</u>	<u>\$ 4,282,827</u>	<u>\$ 5,865,581</u>

Ocean View School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2024

	County School Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets			
Deposits and investments	\$ 411,987	\$ 7,354,920	\$ 21,414,221
Receivables	1,521	50,495	856,500
Stores inventories	-	-	67,857
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 413,508</u>	<u>\$ 7,405,415</u>	<u>\$ 22,338,578</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ -	\$ 651,047
Due to other funds	-	-	265,162
Unearned revenue	-	-	1,198,055
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>-</u>	<u>2,114,264</u>
Fund Balances			
Nonspendable	-	-	68,857
Restricted	413,508	7,405,415	18,611,163
Assigned	-	-	1,544,294
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>413,508</u>	<u>7,405,415</u>	<u>20,224,314</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 413,508</u>	<u>\$ 7,405,415</u>	<u>\$ 22,338,578</u>

Ocean View School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2024

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund
Revenues				
Federal sources	\$ -	\$ -	\$ 2,986,988	\$ -
Other State sources	-	1,385,327	1,703,745	-
Other local sources	79,984	1,745,039	612,670	1,418,118
Total revenues	<u>79,984</u>	<u>3,130,366</u>	<u>5,303,403</u>	<u>1,418,118</u>
Expenditures				
Current				
Instruction	-	507,526	-	-
Instruction-related activities				
Supervision of instruction	-	32,962	-	-
School site administration	-	69,066	-	-
Pupil services				
Food services	-	-	4,400,710	-
All other pupil services	-	56	-	-
Administration				
All other administration	-	137,091	116,254	6,350
Plant services	-	86,127	-	-
Ancillary services	103,109	-	-	-
Community services	-	1,305,929	-	-
Facility acquisition and construction	-	-	-	103,475
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
Total expenditures	<u>103,109</u>	<u>2,138,757</u>	<u>4,516,964</u>	<u>109,825</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(23,125)</u>	<u>991,609</u>	<u>786,439</u>	<u>1,308,293</u>
Other Financing Sources				
Other sources - premium from issuance of general obligation bonds	-	-	-	-
Net Change in Fund Balances	(23,125)	991,609	786,439	1,308,293
Fund Balance - Beginning	<u>275,049</u>	<u>1,622,998</u>	<u>2,990,315</u>	<u>4,453,813</u>
Fund Balance - Ending	<u>\$ 251,924</u>	<u>\$ 2,614,607</u>	<u>\$ 3,776,754</u>	<u>\$ 5,762,106</u>

Ocean View School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2024

	County School Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues			
Federal sources	\$ -	\$ -	\$ 2,986,988
Other State sources	-	23,316	3,112,388
Other local sources	21,110	5,603,932	9,480,853
Total revenues	<u>21,110</u>	<u>5,627,248</u>	<u>15,580,229</u>
Expenditures			
Current			
Instruction	-	-	507,526
Instruction-related activities			
Supervision of instruction	-	-	32,962
School site administration	-	-	69,066
Pupil services			
Food services	-	-	4,400,710
All other pupil services	-	-	56
Administration			
All other administration	-	-	259,695
Plant services	145	-	86,272
Ancillary services	-	-	103,109
Community services	-	-	1,305,929
Facility acquisition and construction	-	-	103,475
Debt service			
Principal	-	3,080,000	3,080,000
Interest and other	-	4,710,695	4,710,695
Total expenditures	<u>145</u>	<u>7,790,695</u>	<u>14,659,495</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>20,965</u>	<u>(2,163,447)</u>	<u>920,734</u>
Other Financing Sources			
Other sources - premium from issuance of general obligation bonds	-	2,934,070	2,934,070
Net Change in Fund Balances	20,965	770,623	3,854,804
Fund Balance - Beginning	<u>392,543</u>	<u>6,634,792</u>	<u>16,369,510</u>
Fund Balance - Ending	<u>\$ 413,508</u>	<u>\$ 7,405,415</u>	<u>\$ 20,224,314</u>

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, 2024. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position and fund balance of the Ocean View School 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, 2024, the District did not report any commodities in inventory.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District has met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46207.

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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



Other Information
June 30, 2024

Ocean View School District

ORGANIZATION

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

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Mr. Jack C. Souders	President	2026
Ms. Patricia Singer	Vice President	2026
Ms. Gina Clayton-Tarvin	Clerk	2024
Ms. Morgan Westmoreland	Member	2026
Mr. Norm Westwell	Member	2024

ADMINISTRATION

Dr. Julianne Hofer	Interim Superintendent
Dr. Keith Farrow	Assistant Superintendent, Administrative Services
Dr. Scott Jensen	Assistant Superintendent, Human Resources
Dr. Alice Lee	Assistant Superintendent, Educational Services



Independent Auditor's Reports
June 30, 2024

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 Governing Board
Ocean View School District
Huntington Beach, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the 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, 2024, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated December 11, 2024.

Correction of an Error

As discussed in Note 16 to the financial statements, a certain error resulting in an understatement of accumulated depreciation as of June 30, 2023, was discovered during the current year. Accordingly, a restatement has been made to the Governmental Activities net position as of July 1, 2023, to correct the error. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Cost as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

District's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying Schedule of Financial Statement Findings. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



Rancho Cucamonga, California
December 11, 2024



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Ocean View School District’s (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2024. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over*

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

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

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

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

Rancho Cucamonga, California
December 11, 2024



Independent Auditor's Report on State Compliance and on Internal Control Over Compliance

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

Report on Compliance

Opinion on State Compliance

We have audited Ocean View School District's (the District) compliance with the requirements specified in the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the District's state program requirements identified below for the year ended June 30, 2024.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2024.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District’s compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District’s compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the District’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District’s compliance with the state laws and regulations applicable to the following items:

2023-2024 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, see below
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes

2023-2024 K-12 Audit Guide Procedures	Procedures Performed
Early Retirement Incentive	Not Applicable
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes
School Districts, County Offices of Education, and Charter Schools	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Not applicable
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Charter Schools	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

We did not perform testing for Independent Study because average daily attendance reported did not exceed the threshold required for testing.

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying Schedule of Findings and Questioned Costs as item 2024-002. Our opinion on state compliance is not modified with respect to this matter.

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state 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 state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned costs as item 2024-002 to be a significant deficiency.

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

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 *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



Rancho Cucamonga, California
December 11, 2024



Schedule of Findings and Questioned Costs
June 30, 2024

Ocean View School District

Financial Statements

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

Federal Awards

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

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing
COVID-19 - Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U
COVID-19 - Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425U
COVID-19 -Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Learning Loss	84.425U
COVID-19 -American Rescue Plan - Homeless Children and Youth II (ARP HCY II)	84.425W
Special Education Cluster (IDEA)	84.027, 84.027A, 84.173, 84.173A
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

State Compliance

Internal control over state compliance programs	
Material Weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Other matters to be reported	Yes
Type of auditor's report issued on compliance for programs	Unmodified

The following finding represents a material weakness related to the financial statements that is required to be reported in accordance with *Government Auditing Standards*. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
30000	Internal Control

2024-001 30000 – Misstatement and Financial Statement Preparation (Material Weakness)

Criteria or Specific Requirements

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

Condition

During our review of the current year capital asset balances and the related depreciation, we noted the District understated beginning accumulated depreciation for buildings and improvements by \$3,316,367.

Context

The condition was identified as a result of our review of the available District records related to the capital asset activities and through inquiry with District personnel.

Cause

The cause of the condition identified appears to be due to untimely completion of the capital assets and inadequate review processes with respect to capital assets within the system.

Effect

The District’s prior period ending net position was overstated by \$3,316,367.

Repeat Finding

No.

Recommendation

The District should establish and enforce formalized procedures related to monitoring capital asset activities. Such procedures should include review and reconciliation of capital asset additions and input into the information into the capital asset system. In addition, a thorough review of the District's financial statements, including all adjusting entries, reclassifying entries, and conversion entries should take place before the financial statements are finalized by the District's business department.

Corrective Action Plan and Views of Responsible Officials

To prevent future issues with capital asset depreciation, Fiscal and Purchasing staff will hold monthly meetings to review capital asset entries, perform periodic reviews, and update the system as necessary. Additionally, the district will implement cross-training for Purchasing staff to ensure that multiple team members are capable of accurately entering and managing asset data. Implement a standardized life cycle chart for the estimated useful life for consistent asset depreciation. These efforts will help ensure that all assets are properly tracked, coded, and depreciated in a timely manner.

None reported.

The following finding represents a significant deficiency of internal control and an instance of noncompliance that is required to be reported by the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
40000	State Compliance

2024-002 40000 – After School Education and Safety Program (Significant Deficiency, Noncompliance)

Criteria or Specific Requirements

California *Education Code* Section 8483.9(b) states that a program participant receiving state funding for the After School Education and Safety Program may expend no more than 15% of that funding on administrative costs.

Condition

While verifying the total amount of administrative costs charged to the program, we noted that the District charged 16% in administrative costs.

Cause

The cause appears to have materialized as a result of inadequate review of the administrative costs charged to the program.

Effect

The District was not compliance with California *Education Code* Section 8483.9(b) for the 2023-2024 fiscal year since administrative costs charged to the After School Safety and Education program exceeded 15%.

Questioned Costs

Under the provisions of the program, there are no questioned costs associated with this condition. However, the amount of administrative costs appears to be overcharged by \$827.76.

Repeat Finding

No.

Recommendation

The District should review the administrative costs charged to the program before the year-end financial closing process to verify that not more than 15% of the funding awarded for the After School Education and Safety program is expended on administrative costs.

Corrective Action Plan and Views of Responsible Officials

To address the issue of excessive administrative costs, Educational Services and Fiscal Services have partnered in implementing a new invoice tracking tool. This tool will help monitor both direct services and the associated administrative costs for each invoice, allowing for more accurate allocation and ensuring that administrative costs remain within the 15% limit. Additionally, Educational Services and Fiscal Services began monthly meetings to review program expenses and ensure that administrative costs are consistently monitored and kept within compliance limits.

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

Federal Awards Findings

2023-001 50000 – Reporting (Significant Deficiency in Internal Controls, Noncompliance)

Federal Agency: U.S. Department of Education
Pass-Through Entity: California Department of Education (CDE)
Program Names: COVID-19 - Elementary and Secondary School Emergency Relief Funds
Assistance Listing Number: 84.425
Compliance Requirement – Reporting

Criteria or Specific Requirements

Per Title 2 U.S. Code of Federal Regulations Part 200, Subpart D, Section 200.334, financial records and supporting documents pertinent to a Federal award must be retained for a period of three years from the date of submission of expenditure reports to the awarding agency or pass-through entity.

Condition

The District misreported Full-Time Equivalent (FTE) positions, for one date range, on the ESSER Annual Data Collection: General ESSER Information Report that was submitted to the California Department of Education.

Cause

The identified condition appears to have materialized due to insufficient procedures related to the review process.

Effect

The District has not complied with the requirement identified in Title 2 U.S. Code of Federal Regulations Part 200, Subpart D, Section 200.334.

Questioned Costs

There were no questioned costs associated with the identified condition.

Context/Sampling

The condition was identified through inquiry with District personnel and through the review of documentation used to prepare the reports.

Recommendation

The District should ensure that all Full-Time Equivalent (FTE) positions are reported on the District's ESSER Annual Data Collection: General ESSER Information Report based on actual FTE positions.

Current Status

Implemented.