Financial Statements
June 30, 2025

Ocean View School District

Ocean View School District
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Independent Auditor's Report

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

Report on the 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, 2025, 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, 2025, 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.

Adoption of New Accounting Standard

As discussed in Note 16 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* for the year ended June 30, 2025. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2024, to restate beginning net position. Our opinions are not modified with respect to this matter.

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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, 2025 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.

Eide Bailly LLP

Rancho Cucamonga, California
December 11, 2025

"Equity and Excellence"

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, 2025, with comparative information for the year ended June 30, 2024. 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 net position. 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 financial 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 $6,680,607 between July 1, 2024 and June 30, 2025. The General Fund has consistently maintained a reserve for emergencies above the State mandated three (3) percent reserve. The current ending fund balance remains healthy at $35,166,379, which creates a positive multiyear budget projection which shows stakeholders that the District is fiscally solvent.

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, and the total interest earned for the life if this Bond totaled $4,434,313. All of the construction for these projects have now been completed and the bond expenditures for 2024-2025 totaled $9,825,128, leaving Measure R with an ending balance of $0.

School modernization projects completed were:

- Mesa View Middle School-Marine View Middle School
- Vista View Middle School
- Westmont Elementary School
- College View Elementary School
- Star View Elementary School

Other completed District wide projects:

- Fencing
- Technology Upgrades

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $21,014,265 for the fiscal year ended June 30, 2025. Of this amount, $(73,086,010) 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	
	2025	2024*
Assets		
Current and other assets	$ 64,386,164	$ 92,462,723
Lease receivables	41,506,699	42,309,535
Capital assets	241,051,219	234,833,489
Total assets	346,944,082	369,605,747
Deferred outflows of resources	29,654,948	31,236,974
Liabilities		
Current liabilities	13,884,428	21,198,218
Long-term liabilities	283,136,215	293,102,290
Total liabilities	297,020,643	314,300,508
Deferred inflows of resources	58,564,122	57,315,255
Net Position		
Net investment in capital assets	71,984,113	69,314,961
Restricted	22,116,162	35,865,355
Unrestricted (deficit)	(73,086,010)	(75,953,358)
Total net position	$ 21,014,265	$ 29,226,958

* Amounts have not been restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 16 for further information.

The $(73,086,010) 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 3.8% or $2,867,348.

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	
	2025	2024*
Revenues		
Program revenues		
Charges for services and sales	$ 425,358	$ 431,643
Operating grants and contributions	29,154,781	33,895,193
Capital grants and contributions	12,892	21,111
General revenues		
Federal and State aid not restricted	26,847,664	31,277,684
Property taxes	63,819,274	62,700,171
Other general revenues	9,053,249	10,566,329
Total revenues	129,313,218	138,892,131
Expenses		
Instruction-related	79,065,022	85,449,757
Pupil services	11,693,495	13,175,874
Administration	10,228,553	9,437,422
Plant services	15,510,424	15,004,750
All other services	13,233,139	13,212,722
Total expenses	129,730,633	136,280,525
Change in net position	$ (417,415)	$ 2,611,606

* The expenses for the year ended June 30, 2024 were not restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 16 for further information.

Governmental Activities

As reported in the *Statement of Activities* on page 15, the cost of all of our governmental activities this year was $129,730,633. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $63,819,274 because the cost was paid by those who benefited from the programs ($425,358) or by other governments and organizations who subsidized certain programs with grants and contributions ($29,167,673). We paid for the remaining "public benefit" portion of our governmental activities with $26,847,664 Federal and State funds, and with other revenues, like interest and general entitlements of $9,053,249.

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	
	2025	2024*	2025	2024*
Instruction-related	$ 79,065,022	$ 85,449,757	$ (63,592,997)	$ (66,048,983)
Pupil services	11,693,495	13,175,874	(6,410,302)	(7,221,142)
Administration	10,228,553	9,437,422	(9,228,358)	(8,729,688)
Plant services	15,510,424	15,004,750	(14,645,156)	(13,369,429)
All other services	13,233,139	13,212,722	(6,260,789)	(6,563,336)
Total	$ 129,730,633	$ 136,280,525	$ (100,137,602)	$ (101,932,578)

* The expenses for the year ended June 30, 2024 were not restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 16 for further information.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $52,682,059, which is a decrease of $20,825,118, or 28.3% from last year (Table 4).

Table 4

	Balances and Activity			
Governmental Fund	July 1, 2024	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2025
General	$ 42,057,563	$ 113,606,337	$ 120,417,187	$ 35,246,713
Building	8,617,338	1,207,790	9,825,128	-
Special Reserve Fund for Capital Outlay Projects	2,607,962	2,990,752	4,595,721	1,002,993
Student Activity	251,924	84,162	110,985	225,101
Child Development	2,614,607	2,983,082	2,327,423	3,270,266
Cafeteria	3,776,754	4,840,872	4,719,784	3,897,842
Capital Facilities	5,762,106	1,435,120	3,205,603	3,991,623
County School Facilities	413,508	12,894	425,413	989
Bond Interest and Redemption	7,405,415	5,551,174	7,910,057	5,046,532
Total	$ 73,507,177	$ 132,712,183	$ 153,537,301	$ 52,682,059

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 $41,846,985million to $35,166,379million. 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.

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 11, 2025. 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, supplies, 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, 2025, the District had $241,051,219 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 $6,217,730, or 2.6% from last year (Table 5).

Table 5

	Governmental Activities	
	2025	2024
Land and construction in progress	$ 78,594,395	$ 97,137,618
Buildings and improvements	155,830,328	131,847,613
Land Improvements	1,192,557	604,920
Furniture and Equipment	4,847,612	4,698,679
Right-to-use subscription IT assets	586,327	544,659
Total	$ 241,051,219	$ 234,833,489

This year's addition of $6,217,730 included the continued Mesa View Middle School Modernization, and the closeout of the interim site at Sun View. No debt was issued for these additions.

This year's addition of equipment included Facility vehicles, technology upgrades, reprographics equipment, kitchen equipment and Food and Nutrition vehicles.

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 $175,053,645 in long-term liabilities other than OPEB and pension versus $175,331,589 last year, a decrease of $277,944, or 0.2%. Those long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2025	2024*
Long-Term Liabilities		
General obligation bonds	$ 148,220,000	$ 150,895,000
Premium on issuance of general obligation bonds	9,856,694	10,262,048
Certificates of participation	10,835,000	12,725,000
Premium on issuance of certificates of participation	34,521	43,151
Discount on issuance of certificates of participation	(17,272)	(20,725)
Subscription-based IT arrangements	138,163	231,392
Compensated absences	5,986,539	1,195,723
Total	$ 175,053,645	$ 175,331,589

* Amounts have not been restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 16 for further information.

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

OPEB and Pension Liabilities

At year end, the District had an OPEB liability of $26,276,895 versus $26,092,916 last year, an increase of $183,979, or 0.7%.

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 $81,805,675 versus $91,677,785 last year, a decrease of $9,872,110, or 10.8%.

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

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2024-2025 ARE NOTED BELOW:

- Returned students to Mesa View Middle School for a grand reopening of their modernized site.
- All schools received Positive Behavioral Interventions and Supports (PBIS) awards. The Platinum Level awardees include College View, Marine View, and Star View. Gold Level recipients are Circle View, Hope View, Lake View, Mesa View, Oak View, Vista View, Harbour View, Village View, and Westmont. Silver Level honoree is Golden View.
- The District participated the in State funded Classified School Employee Summer Assistance Program.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2025-2026 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.

	Governmental Activities
Assets	
Deposits and investments	$ 53,064,513
Receivables	11,011,936
Stores inventories	152,401
Other current assets	157,314
Lease receivables	41,506,699
Capital assets not depreciated or amortized	78,594,395
Capital assets, net of accumulated depreciation and amortization	162,456,824
Total assets	346,944,082
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	4,138,990
Deferred outflows of resources related to pensions	25,515,958
Total deferred outflows of resources	29,654,948
Liabilities	
Accounts payable	10,531,727
Interest payable	2,180,323
Unearned revenue	1,172,378
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	5,841,285
OPEB liability due within one year	353,603
Long-term liabilities other than OPEB and pensions due in more than one year	169,212,360
Other postemployment benefits (OPEB) liability due in more than one year	25,923,292
Aggregate net pension liability	81,805,675
Total liabilities	297,020,643
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	5,636,531
Deferred inflows of resources related to pensions	11,420,892
Deferred inflows of resources related to leases	41,506,699
Total deferred inflows of resources	58,564,122
Net Position	
Net investment in capital assets	71,984,113
Restricted for	
Debt service	2,866,209
Capital projects	3,992,612
Educational programs	10,088,137
Nutrition services	3,821,290
Other activities	1,347,914
Unrestricted (deficit)	(73,086,010)
Total net position	$ 21,014,265

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities					
Instruction	$ 68,561,320	$ 2,996	$ 13,971,624	$ 12,892	$ (54,573,808)
Instruction-related activities					
Supervision of instruction	3,992,067	900	1,238,335	-	(2,752,832)
Instructional library, media, and technology	821,847	-	79	-	(821,768)
School site administration	5,689,788	575	244,624	-	(5,444,589)
Pupil services					
Home-to-school transportation	3,232,242	-	23,955	-	(3,208,287)
Food services	4,628,028	225,326	4,488,851	-	86,149
All other pupil services	3,833,225	56,315	488,746	-	(3,288,164)
Administration					
Data processing	1,544,682	-	-	-	(1,544,682)
All other administration	8,683,871	8,552	991,643	-	(7,683,676)
Plant services	15,510,424	428	864,840	-	(14,645,156)
Ancillary services	6,187,104	-	5,259,337	-	(927,767)
Community services	1,000,123	-	71,855	-	(928,268)
Interest on long-term liabilities	5,162,540	-	-	-	(5,162,540)
Other outgo	883,372	130,266	1,510,892	-	757,786
Total governmental activities	$ 129,730,633	$ 425,358	$ 29,154,781	$ 12,892	(100,137,602)
General Revenues and Subventions					
Property taxes, levied for general purposes					57,493,200
Property taxes, levied for debt service					5,371,859
Taxes levied for other specific purposes					954,215
Federal and State aid not restricted to specific purposes					26,847,664
Interest and investment earnings					2,778,963
Miscellaneous					6,274,286
Total general revenues and subventions					99,720,187
Change in Net Position					(417,415)
Net Position - Beginning, as previously reported					29,226,958
Adjustments (Note 16)					(7,795,278)
Net Position - Beginning, as restated					21,431,680
Net Position - Ending					$ 21,014,265

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	$ 33,843,882	$ 580	$ 967,666	$ 18,252,385	$ 53,064,513
Receivables	10,122,601	-	36,217	853,118	11,011,936
Due from other funds	366,017	-	-	2,249	368,266
Stores inventories	76,849	-	-	75,552	152,401
Other current assets	157,314	-	-	-	157,314
Lease receivables	-	-	41,506,699	-	41,506,699
Total assets	$ 44,566,663	$ 580	$ 42,510,582	$ 19,183,304	$ 106,261,129
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	$ 9,318,197	$ -	$ -	$ 1,213,530	$ 10,531,727
Due to other funds	1,669	580	-	366,017	368,266
Unearned revenue	84	-	890	1,171,404	1,172,378
Total liabilities	9,319,950	580	890	2,750,951	12,072,371
Deferred Inflows of Resources					
Deferred inflows of resources related to leases	-	-	41,506,699	-	41,506,699
Fund Balances					
Nonspendable	129,849	-	-	76,552	206,401
Restricted	10,088,137	-	-	14,208,348	24,296,485
Assigned	2,342,708	-	1,002,993	2,147,453	5,493,154
Unassigned	22,686,019	-	-	-	22,686,019
Total fund balances	35,246,713	-	1,002,993	16,432,353	52,682,059
Total liabilities, Deferred Inflows of Resources and Fund Balances	$ 44,566,663	$ 580	$ 42,510,582	$ 19,183,304	$ 106,261,129

Total Fund Balance - Governmental Funds		$ 52,682,059
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	$ 353,227,872	
Accumulated depreciation and amortization is	(112,176,653)	
Net capital assets		241,051,219
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.		(2,180,323)
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	4,138,990	
Aggregate net pension liability	25,515,958	
Total deferred outflows of resources		29,654,948
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	(5,636,531)	
Aggregate net pension liability	(11,420,892)	
Total deferred inflows of resources		(17,057,423)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(81,805,675)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(26,276,895)
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	(148,220,000)	
Premium on issuance of general obligation bonds	(9,856,694)	
Certificates of participation	(10,835,000)	
Premium on issuance of certificates of participation	(34,521)	
Discount on issuance of certificates of participation	17,272	
Subscription-based IT arrangements	(138,163)	
Compensated absences	(5,986,539)	
Total long-term liabilities		(175,053,645)
Total net position - governmental activities		$ 21,014,265

Ocean View School District

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended June 30, 2025

	General Fund	Building Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula (LCFF)	$ 81,586,937	$ -	$ -	$ -	$ 81,586,937
Federal sources	4,212,990	-	-	2,656,092	6,869,082
Other State sources	16,269,192	-	-	2,696,646	18,965,838
Other local sources	11,537,218	228,467	2,990,752	9,554,566	24,311,003
Total revenues	113,606,337	228,467	2,990,752	14,907,304	131,732,860
Expenditures					
Current					
Instruction	71,279,482	-	-	753,131	72,032,613
Instruction-related activities					
Supervision of instruction	4,389,971	-	-	1,118	4,391,089
Instructional library, media, and technology	895,159	-	-	-	895,159
School site administration	6,177,097	-	-	199,502	6,376,599
Pupil services					
Home-to-school transportation	3,343,760	-	-	-	3,343,760
Food services	96,935	-	-	4,572,822	4,669,757
All other pupil services	4,081,032	-	-	60	4,081,092
Administration					
Data processing	2,001,881	-	-	-	2,001,881
All other administration	8,388,641	-	-	344,892	8,733,533
Plant services	11,560,821	1,200,874	822	132,415	12,894,932
Ancillary services	6,263,176	-	-	110,985	6,374,161
Community services	8,792	-	-	1,076,824	1,085,616
Other outgo	883,372	-	-	-	883,372
Facility acquisition and construction	944,514	8,624,254	1,759,832	3,172,165	14,500,765
Debt service					
Principal	93,229	-	1,890,000	2,675,000	4,658,229
Interest and other	9,325	-	391,038	5,235,057	5,635,420
Total expenditures	120,417,187	9,825,128	4,041,692	18,273,971	152,557,978
Deficiency of Revenues Over Expenditures	(6,810,850)	(9,596,661)	(1,050,940)	(3,366,667)	(20,825,118)
Other Financing Sources (Uses)					
Transfers in	-	979,323	-	-	979,323
Transfers out	-	-	(554,029)	(425,294)	(979,323)
Net Financing Sources (Uses)	-	979,323	(554,029)	(425,294)	-
Net Change in Fund Balances	(6,810,850)	(8,617,338)	(1,604,969)	(3,791,961)	(20,825,118)
Fund Balance - Beginning	42,057,563	8,617,338	2,607,962	20,224,314	73,507,177
Fund Balance - Ending	$ 35,246,713	$ -	$ 1,002,993	$ 16,432,353	$ 52,682,059

Total Net Change in Fund Balances - Governmental Funds		$ (20,825,118)
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	$ 15,326,511	
Depreciation and amortization expense	(9,104,945)	
Net expense adjustment		6,221,566
A gain on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.		(3,836)
In the Statement of Activities, certain operating expenses, such as compensated absences are measured by the amounts earned during the year. In the govenrmental 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 compensated absences earned and used.		3,004,462
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/inflows of resources and net pension liability during the year.		6,839,016
In the governmental funds, OPEB costs are based on benefit payments made for OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows/inflows of resources and OPEB liability during the year.		(784,614)
Payments of principal on long-term liabilities is an expenditure in the governmental funds, but it reduce long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities		
General obligation bonds		2,675,000
Certificates of participation		1,890,000
Subscription-based IT arrangements		93,229

Under the modified basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes of the following balances	
Amortization of debt premium	$ 413,984
Amortization of debt discount	(3,453)
Interest on long-term liabilities in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	62,349
Change in net position of governmental activities	$ (417,415)

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 three 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 $80,334.

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 by 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 and amortization of capital 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 and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Net position restricted for other activities results 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 financial statements 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 financial 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

Store 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

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.

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. 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. Land is not depreciated.

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, 2025.

Right-to-use subscription IT assets are recognized at the subscription commencement date and represent the District's right-to-use the underlying IT asset for the subscription term. Right-to-use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right-to-use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period varies from two to three years.

Lease Receivable

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.

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 for leave balances that are more likely than not to be used for compensated leave or settled through cash or noncash means. The entire compensated absence liability is reported on the government-wide Statement of Net Position. For governmental funds, a liability for 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.

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, only the portion of accumulated sick leave that is more likely than not to be used by the employee for paid leave is recognized as a liability in the District's financial statements. Credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive 0.004 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. The portion of sick leave that is more likely than not to be settled through conversion to service credit for employee retirement plans is not included in the District's liability for compensated absences.

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

Debt premiums, discounts, and debt issuance costs related to prepaid insurance 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, discounts, and 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 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, 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.

Subscription Liabilities

Subscription liabilities represent the District's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of the subscription payments is discounted based on a borrowing rate determined by the District.

Fund Balances - Governmental Funds

As of June 30, 2025, 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 related to net of investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, 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 $22,116,162 of net position restricted by enabling legislation.

Interfund Activity

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

Estimates

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

Property Tax

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

Adoption of New Accounting Standard

Implementation of GASB Statement No. 101

As of June 30, 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. He provisions of this standard modernize types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. The effect of the implementation of this standard on beginning net position is disclosed in Note 16.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2025, are classified in the accompanying financial statements as follows:

Governmental activities	$ 53,064,513

Deposits and investments as of June 30, 2025, consist of the following:

Cash on hand and in banks	$ 483,485
Cash in revolving	54,000
Investments	52,527,028
Total deposits and investments	$ 53,064,513

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 $52,527,028 with the Orange County Treasury Investment Pool that has an average weighted maturity of 273 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, 2025, the District had no bank balances that were exposed to custodial credit risk.

Note 3 - Receivables

Receivables at June 30, 2025, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Activities
Federal Government				
Categorical aid	$ 1,991,617	$ -	$ 412,590	$ 2,404,207
State Government				
LCFF apportionment	2,697,206	-	-	2,697,206
Categorical aid	4,306,466	-	306,358	4,612,824
Lottery	491,733	-	-	491,733
Local Government				
Interest	117,704	2,891	39,146	159,741
Other local sources	517,875	33,326	95,024	646,225
Total	$ 10,122,601	$ 36,217	$ 853,118	$ 11,011,936

Note 4 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2025, was as follows:

	Balance July 1, 2024 as Restated	Additions	Deductions	Balance June 30, 2025
Governmental Activities				
Capital assets not being depreciated or amortized				
Land	$ 10,554,104	$ -	$ -	$ 10,554,104
Construction in progress	86,583,514	13,080,833	(31,624,056)	68,040,291
Total capital assets not being depreciated or amortized	97,137,618	13,080,833	(31,624,056)	78,594,395
Capital assets being depreciated and amortized				
Land improvements	7,613,264	673,062	-	8,286,326
Buildings and improvements	211,555,725	31,910,706	-	243,466,431
Furniture and equipment	21,205,033	826,247	(35,692)	21,995,588
Right-to-use subscription IT assets	1,118,050	459,719	(692,637)	885,132
Total capital assets being depreciated and amortized	241,492,072	33,869,734	(728,329)	274,633,477
Total capital assets	338,629,690	46,950,567	(32,352,385)	353,227,872
Accumulated depreciation and amortization				
Land improvements	(7,008,344)	(85,425)	-	(7,093,769)
Buildings and improvements	(79,708,112)	(7,927,991)	-	(87,636,103)
Furniture and equipment	(16,506,354)	(673,478)	31,856	(17,147,976)
Right-to-use subscription IT assets	(573,391)	(418,051)	692,637	(298,805)
Total accumulated depreciation and amortization	(103,796,201)	(9,104,945)	724,493	(112,176,653)
Net-depreicable and amortizable capital assets	137,695,871	24,764,789	(3,836)	162,456,824
Governmental activities capital assets, net	$ 234,833,489	$ 37,845,622	$ (31,627,892)	$ 241,051,219

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

Governmental Activities	
Instruction	$ 4,563,526
Home-to-school transportation	65,152
Food services	143,333
All other pupil services	197,945
Data processing	557,675
All other administration	5,265
Plant services	3,572,049
Total depreciation and amortization expense governmental activities	$ 9,104,945

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 $1,425,521 in lease revenue and $1,015,470 in interest revenue related to these agreements. As of June 30, 2025, the District recorded $41,506,699 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, 2025, between major and non-major governmental funds are as follows:

	Due From			
Due To	General Fund	Building Fund	Non-Major Governmental Funds	Proprietary Funds
General Fund	$ -	$ -	$ 366,017	$ 366,017
Non-Major Governmental Funds	1,669	580	-	2,249
Total	$ 1,669	$ 580	$ 366,017	$ 368,266

A balance of $190,458 is due from the Child Development Non-Major Governmental Fund to the General Fund for indirect costs.

A balance of $14,833 is due from the Child Development Non-Major Governmental Fund to the General Fund for payroll, benefits and other operating expenditures.

A balance of $146,962 is due from the Cafeteria Non-Major Governmental Fund to the General Fund for indirect costs.

A balance of $13,764 is due from the Cafeteria Non-Major Governmental Fund to the General Fund for payroll, benefits and other operating expenditures.

A balance of $1,669 is due from the General Fund to the Child Development Fund Non-Major Governmental Fund for payroll, benefits, and paraprofessional expenditures.

A balance of $580 is due from the Building Fund to the Capital Facilities Fund Non-Major Governmental Fund for eligible capital project expenditures.

Operating Transfers

Interfund transfers for the year ended June 30, 2025, consisted of the following:

	Transfer From		
Transfer To	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Building Fund	$ 554,029	$ 425,294	$ 979,323
The County School Facilities Non-Major Governmental Fund transferred to the Building Fund to reimburse for construction costs.			$ 425,294
The Special Reserve Fund for Capital Outlay Projects transferred to the Building Fund to reimburse for construction costs.			554,029
Total			$ 979,323

Note 7 - Accounts Payable

Accounts payable at June 30, 2025, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total
Salaries and benefits	$ 5,201,708	$ 369,345	$ 5,571,053
Other vendor payables	3,744,899	844,185	4,589,084
Due to other LEAs	371,590	-	371,590
Total	$ 9,318,197	$ 1,213,530	$ 10,531,727

Note 8 - Unearned Revenue

Unearned revenue at June 30, 2025, consisted of the following:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Federal financial assistance	$ 84	$ -	$ 45,322	$ 45,406
State categorical aid	-	-	1,110,631	1,110,631
Other local	-	890	15,451	16,341
Total	$ 84	$ 890	$ 1,171,404	$ 1,172,378

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, 2024 as Restated	Additions	Deductions	Balance June 30, 2025	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 150,895,000	$ -	$ (2,675,000)	$ 148,220,000	$ 1,760,000
Premium on issuance of general obligation bonds	10,262,048	-	(405,354)	9,856,694	-
Certificates of participation	12,725,000	-	(1,890,000)	10,835,000	1,980,000
Premium on issuance of certificates of participation	43,151	-	(8,630)	34,521	-
Discount on issuance of certificates of participation	(20,725)	-	3,453	(17,272)	-
Subscription-based IT arrangements	231,392	-	(93,229)	138,163	43,361
Compensated absences	8,991,001	-	(3,004,462)	5,986,539	2,057,924
Total	$ 183,126,867	$ -	$ (8,073,222)	$ 175,053,645	$ 5,841,285

The change in compensated absences is presented as a net change.

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.

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, 2024	Issued	Redeemed	Bonds Outstanding June 30, 2025
5/17/2017	8/1/2046	2.00-5.00%	$ 45,000,000	$ 32,600,000	$ -	$ (620,000)	$ 31,980,000
2/13/2020	8/1/2049	2.00-6.00%	42,000,000	36,295,000	-	(455,000)	35,840,000
10/20/2021	8/1/2050	2.25-5.00%	55,000,000	55,000,000	-	(1,600,000)	53,400,000
8/10/2023	8/1/2050	4.00-6.00%	27,000,000	27,000,000	-	-	27,000,000
				$ 150,895,000	$ -	$ (2,675,000)	$ 148,220,000

The Bonds mature through 2051 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
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	1,460,000	4,844,356	6,304,356
2031-2035	12,490,000	22,718,806	35,208,806
2036-2040	23,500,000	19,172,219	42,672,219
2041-2045	37,885,000	13,850,206	51,735,206
2046-2050	54,995,000	6,538,844	61,533,844
2051	12,805,000	214,272	13,019,272
Total	$ 148,220,000	$ 87,365,802	$ 235,585,802

Certificates of Participation

The outstanding certificates of participation debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2024	Redeemed	Bonds Outstanding June 30, 2025
6/19/2014	6/1/2029	3.00-3.38%	$ 10,720,000	$ 4,900,000	$ (1,005,000)	$ 3,895,000
8/26/2015	6/1/2030	3.00-4.00%	11,870,000	7,825,000	(885,000)	6,940,000
				$ 12,725,000	$ (1,890,000)	$ 10,835,000

The certificates of participation mature through 2030, as follows:

Year Ending June 30,	Principal	Interest	Total
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	$ 10,835,000	$ 1,041,277	$ 11,876,277

Subscriptions-Based Information Technology Arrangements (SBITAs)

The District entered into a SBITA for the use of various educational and operational software. At June 30, 2025, the District has recognized a right-to-use subscriptions IT asset of $220,938 and a SBITA liability of $138,163 related to this agreement. During the fiscal year, the District recorded $323,721 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, 2025 are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 43,361	$ 5,568	$ 48,929
2027	46,009	3,820	49,829
2028	48,793	1,966	50,759
Total	$ 138,163	$ 11,354	$ 149,517

Note 10 - Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2025, 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	$ 26,002,813	$ 4,138,990	$ 5,636,531	$ 1,715,991
Medicare Premium Payment (MPP) Program	274,082	-	-	(48,987)
Total	$ 26,276,895	$ 4,138,990	$ 5,636,531	$ 1,667,004

The details of each plan are as follows:

District Plan

Plan Administration

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

Plan Membership

At June 30, 2025, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	33
Active employees	556
Total	589

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 2024-2025, the District paid $882,390 in benefits.

Total OPEB Liability of the District

The District's total OPEB liability of $26,002,813 was measured as of June 30, 2025, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2025.

Actuarial Assumptions

The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.25%, average, including inflation
Discount rate	4.81% for 2025
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 CalSTRS 2024 experience study for certificated employees and the CalPERS 2021 experience study for classified employees.

The actuarial assumptions used in the June 30, 2025 valuation were based on the results of an actual experience study for the period July 1, 2023, to June 30, 2025.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2024	$ 25,769,847
Service cost	1,066,610
Interest	1,111,432
Differences between expected and actual experience in the measurement of the total OPEB liability	7,734
Changes of assumptions	(1,070,420)
Benefit payments	(882,390)
Net change in total OPEB liability	232,966
Balance, June 30, 2025	$ 26,002,813

Changes of assumptions and other inputs reflect a change in the discount rate from 4.21% in 2024 to 4.81% in 2025.

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 (3.81%)	$ 27,591,501
Current discount rate (4.81%)	26,002,813
1% increase (5.81%)	24,464,281

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%)	$ 23,795,316
Current healthcare cost trend rate (7.00%)	26,002,813
1% increase (8.00%)	28,496,129

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

For the year ended June 30, 2025, the District recognized OPEB expense of $1,715,991. At June 30, 2025, 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	$ 6,720	$ 2,068,067
Changes of assumptions	4,132,270	3,568,464
Total	$ 4,138,990	$ 5,636,531

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
2026	$ (467,027)
2027	(507,932)
2028	(351,342)
2029	(161,006)
2030	(91,347)
Thereafter	81,113
Total	$ (1,497,541)

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, 2023 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/forms-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, 2025, the District reported a liability of $274,082 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. 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, 2024 and June 30, 2023, respectively, was 0.1028%, and 0.1065%, resulting in a net decrease in the proportionate share of 0.0037%.

For the year ended June 30, 2025, the District recognized OPEB expense of $(48,987).

Actuarial Methods and Assumptions

The June 30, 2024 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total OPEB liability to June 30, 2024, using the assumptions listed in the following table:

Measurement Date	June 30, 2024	June 30, 2023
Valuation Date	June 30, 2023	June 30, 2022
Experience Study	July 1, 2007 through June 30, 2022	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.93%	3.65%
Medicare Part A Premium Cost Trend Rate	5.00%	4.50%
Medicare Part B Premium Cost Trend Rate	6.50%	5.40%

For the valuation as of June 30, 2023, CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP–2021 Ultimate Projection Scale.

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 154 or an average of 0.12% of the potentially eligible population (132,333).

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, 2024, 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, 2024, 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, 2024, was 3.93%, which is an increase of 0.28% from 3.65% as of June 30, 2023.

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 (2.93%)	$ 295,727
Current discount rate (3.93%)	274,082
1% increase (4.93%)	255,048

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 (4.00% Part A and 5.50% Part B)	$ 253,907
Current Medicare costs trend rates (5.00% Part A and 6.50% Part B)	274,082
1% increase (6.00% Part A and 7.50% Part B)	296,605

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	76,849	-	-	75,552	152,401
Total nonspendable	129,849	-	-	76,552	206,401
Restricted					
Legally restricted programs	10,088,137	-	-	5,169,204	15,257,341
Capital projects	-	-	-	3,992,612	3,992,612
Debt service	-	-	-	5,046,532	5,046,532
Total restricted	10,088,137	-	-	14,208,348	24,296,485
Assigned					
Unrestricted lottery	2,342,708	-	-	-	2,342,708
Capital projects	-	-	1,002,993	-	1,002,993
Child development	-	-	-	2,147,453	2,147,453
Total assigned	2,342,708	-	1,002,993	2,147,453	5,493,154
Unassigned					
Reserve for economic uncertainties	22,686,019	-	-	-	22,686,019
Total	$ 35,246,713	$ -	$ 1,002,993	$ 16,432,353	$ 52,682,059

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, 2025, 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 2025, 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 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, 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, 2025, 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	$ 47,340,998	$ 14,966,677	$ 9,342,508	$ 3,243,653
CalPERS	34,464,677	10,549,281	2,078,384	4,537,936
Total	$ 81,805,675	$ 25,515,958	$ 11,420,892	$ 7,781,589

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, 2023, 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/forms-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, 2025, are summarized as follows:

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

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, 2025, are presented above and the District's total contributions were $9,190,557.

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

At June 30, 2025, 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	$ 47,340,998
State's proportionate share of the net pension liability	21,720,213
Total	$ 69,061,211

The net pension liability was measured as of June 30, 2024. 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 member districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively was 0.0705% and 0.0720%, resulting in a net decrease in the proportionate share of 0.0015%.

For the year ended June 30, 2025, the District recognized pension expense of $3,243,653. In addition, the District recognized pension expense and revenue of $1,977,371 for support provided by the State. At June 30, 2025, 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	$ 9,190,557	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	214,013	3,848,069
Differences between projected and actual earnings on pension plan investments	-	191,018
Differences between expected and actual experience in the measurement of the total pension liability	5,354,876	2,070,195
Changes of assumptions	207,231	3,233,226
Total	$ 14,966,677	$ 9,342,508

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
2026	$ (3,173,605)
2027	3,822,201
2028	(311,844)
2029	(527,770)
Total	$ (191,018)

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
2026	$ (1,048,048)
2027	(913,474)
2028	(802,982)
2029	(517,874)
2030	290,737
Thereafter	(383,729)
Total	$ (3,375,370)

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, 2023, and rolling forward the total pension liability to June 30, 2024. The financial reporting actuarial valuation as of June 30, 2023, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Experience study	July 1, 2007 through June 30, 2022
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 is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP–2021 Ultimate Projection Scale.

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 2024 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. The assumed asset allocation and best estimates of the expected rates of return for each major asset class for the year ended June 30, 2024, 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%)	$ 84,204,144
Current discount rate (7.10%)	47,340,998
1% increase (8.10%)	16,558,741

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, 2023 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, 2025, are summarized as follows:

	School Employer Pool (CalPERS)	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	27.05%	27.05%

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, 2025, are presented above and the total District contributions were $5,430,048.

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

As of June 30, 2025, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $34,464,677. The net pension liability was measured as of June 30, 2024. 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, 2024 and June 30, 2023, respectively was 0.0964% and 0.1018%, resulting in a net decrease in the proportionate share of 0.0054%.

For the year ended June 30, 2025, the District recognized pension expense of $4,537,936. At June 30, 2025, 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	$ 5,430,048	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	129,333	1,831,721
Differences between projected and actual earnings on pension plan investments	1,338,755	-
Differences between expected and actual experience in the measurement of the total pension liability	2,889,359	246,663
Changes of assumptions	761,786	-
Total	$ 10,549,281	$ 2,078,384

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
2026	$ (11,540)
2027	2,081,458
2028	(307,561)
2029	(423,602)
Total	$ 1,338,755

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
2026	$ 715,724
2027	717,338
2028	269,032
Total	$ 1,702,094

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, 2023, and rolling forward the total pension liability to June 30, 2024. The financial reporting actuarial valuation as of June 30, 2023, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
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 SEP's 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%)	$ 51,197,566
Current discount rate (6.90%)	34,464,677
1% increase (7.90%)	20,641,980

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 $4,393,177 (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, 2025.

Litigation

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

Construction Commitments

As of June 30, 2025, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Golden HVAC	$ 706,425	September 2025

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, 2025, the District made payments of $995,000, $8,300,396, and $1,793,742 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

Change in Accounting Principle

As of June 30, 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. Therefore, compensated absences current portion and compensated absences noncurrent portion were increased by $2,354,623 and $5,440,655, respectively, as of July 1, 2024. The effect of this change in accounting principle is described in the table below.

Governmental Activities	
Net Position - Beginning, as previously reported June 30, 2024	$ 29,226,958
Change in accounting principle	(7,795,278)
Net Position - Beginning as restated July 1, 2024	$ 21,431,680

Required Supplementary Information
June 30, 2025

Ocean View School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 81,273,775	$ 81,462,572	$ 81,586,937	$ 124,365
Federal sources	3,777,905	4,397,845	4,212,990	(184,855)
Other State sources	14,732,014	16,958,211	16,269,192	(689,019)
Other local sources	8,354,779	10,080,617	11,537,218	1,456,601
Total revenues [1]	108,138,473	112,899,245	113,606,337	707,092
Expenditures				
Current				
Certificated salaries	45,978,239	47,271,866	47,841,279	(569,413)
Classified salaries	20,551,204	20,906,485	21,245,342	(338,857)
Employee benefits	30,304,952	30,293,305	29,044,400	1,248,905
Books and supplies	3,224,737	4,339,540	3,122,451	1,217,089
Services and operating expenditures	14,064,662	18,714,971	17,357,924	1,357,047
Other outgo	504,815	1,292,964	545,953	747,011
Capital outlay	251,338	240,615	1,157,284	(916,669)
Debt service				
Debt service - principal	-	-	93,229	(93,229)
Debt service - interest and other	-	-	9,325	(9,325)
Total expenditures [1]	114,879,947	123,059,746	120,417,187	2,642,559
Deficiency of Revenues Over Expenditures	(6,741,474)	(10,160,501)	(6,810,850)	3,349,651
Fund Balance - Beginning	42,057,563	42,057,563	42,057,563	-
Fund Balance - Ending	$ 35,316,089	$ 31,897,062	$ 35,246,713	$ 3,349,651

[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, 2025

	2025	2024	2023	2022
Total OPEB Liability				
Service cost	$ 1,066,610	$ 1,034,388	$ 881,502	$ 1,283,991
Interest	1,111,432	1,025,628	815,245	519,345
Differences between expected and actual experience in the measurement of the total OPEB liability	7,734	-	(1,808,932)	(1,142,537)
Changes of assumptions	(1,070,420)	235,394	5,385,830	(3,636,174)
Benefit payments	(882,390)	(643,041)	(410,508)	(615,602)
Net change in total OPEB liability	232,966	1,652,369	4,863,137	(3,590,977)
Total OPEB Liability - Beginning	$ 25,769,847	$ 24,117,478	$ 19,254,341	$ 22,845,318
Total OPEB Liability - Ending	$ 26,002,813	$ 25,769,847	$ 24,117,478	$ 19,254,341
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, 2025	June 30, 2024	June 30, 2023	June 30, 2022

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

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

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

Year ended June 30,	2025	2024	2023	2022
Proportion of the net OPEB liability	0.1028%	0.1065%	0.1091%	0.1163%
Proportionate share of the net OPEB liability	$ 274,082	$ 323,069	$ 359,328	$ 463,701
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	(1.02%)	(0.96%)	(0.94%)	(0.80%)
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021

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

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

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

Ocean View School District

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

Year Ended June 30, 2025

CalSTRS	2025	2024	2023	2022	2021
Proportion of the net pension liability	0.0705%	0.0720%	0.0727%	0.0773%	0.0757%
Proportionate share of the net pension liability	$ 47,340,998	$ 54,821,796	$ 50,504,285	$ 35,196,167	$ 73,386,486
State's proportionate share of the net pension liability	21,720,213	26,266,664	25,292,349	17,709,346	37,830,742
Total	$ 69,061,211	$ 81,088,460	$ 75,796,634	$ 52,905,513	$ 111,217,228
Covered payroll	$ 46,501,063	$ 44,969,895	$ 43,064,610	$ 42,721,907	$ 41,098,047
Proportionate share of the net pension liability as a percentage of its covered payroll	101.81%	121.91%	117.28%	82.38%	178.56%
Plan fiduciary net position as a percentage of the total pension liability	84%	81%	81%	87%	72%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020

	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.0762%	0.0757%	0.0778%	0.0806%	0.0837%
Proportionate share of the net pension liability	$ 68,862,904	$ 69,538,654	$ 71,969,514	$ 65,203,930	$ 56,334,655
State's proportionate share of the net pension liability	37,569,311	39,814,132	42,576,556	37,119,434	29,794,822
	$ 106,432,215	$ 109,352,786	$ 114,546,070	$ 102,323,364	$ 86,129,477
Covered payroll	$ 40,215,018	$ 40,347,263	$ 40,833,188	$ 39,393,075	$ 37,924,471
Proportionate share of the net pension liability as a percentage of its covered payroll	171.24%	172.35%	176.25%	165.52%	148.54%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

CalPERS	2025	2024	2023	2022	2021
Proportion of the net pension liability	0.0964%	0.1018%	0.1008%	0.1094%	0.1152%
Proportionate share of the net pension liability	$ 34,464,677	$ 36,855,989	$ 34,698,963	$ 22,250,835	$ 35,338,116
Covered payroll	$ 18,949,190	$ 17,608,873	$ 14,934,448	$ 16,072,942	$ 16,605,694
Proportionate share of the net pension liability as a percentage of its covered payroll	181.88%	209.30%	232.34%	138.44%	212.81%
Plan fiduciary net position as a percentage of the total pension liability	72%	70%	70%	81%	70%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020

	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.1193%	0.1258%	0.1266%	0.1299%	0.1364%
Proportionate share of the net pension liability	$ 34,770,329	$ 33,531,043	$ 30,221,356	$ 25,660,835	$ 20,112,330
Covered payroll	$ 16,458,615	$ 16,807,939	$ 15,428,298	$ 15,574,399	$ 15,147,003
Proportionate share of the net pension liability as a percentage of its covered payroll	211.26%	199.50%	195.88%	164.76%	132.78%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

CalSTRS	2025	2024	2023	2022	2021
Contractually required contribution	$ 9,190,557	$ 8,881,703	$ 8,589,250	$ 7,286,532	$ 6,899,588
Less contributions in relation to the contractually required contribution	9,190,557	8,881,703	8,589,250	7,286,532	6,899,588
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 48,118,099	$ 46,501,063	$ 44,969,895	$ 43,064,610	$ 42,721,907
Contributions as a percentage of covered payroll	19.10%	19.10%	19.10%	16.92%	16.15%

	2020	2019	2018	2017	2016
Contractually required contribution	$ 7,027,766	$ 6,547,005	$ 5,822,110	$ 5,136,815	$ 4,226,877
Less contributions in relation to the contractually required contribution	7,027,766	6,547,005	5,822,110	5,136,815	4,226,877
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 41,098,047	$ 40,215,018	$ 40,347,263	$ 40,833,188	$ 39,393,075
Contributions as a percentage of covered payroll	17.10%	16.28%	14.43%	12.58%	10.73%

CalPERS	2025	2024	2023	2022	2021
Contractually required contribution	$ 5,430,048	$ 5,055,644	$ 4,467,371	$ 3,421,482	$ 3,327,099
Less contributions in relation to the contractually required contribution	5,430,048	5,055,644	4,467,371	3,421,482	3,327,099
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 20,074,115	$ 18,949,190	$ 17,608,873	$ 14,934,448	$ 16,072,942
Contributions as a percentage of covered payroll	27.050%	26.680%	25.370%	22.910%	20.700%

	2020	2019	2018	2017	2016
Contractually required contribution	$ 3,274,809	$ 2,972,755	$ 2,610,441	$ 2,142,682	$ 1,845,099
Less contributions in relation to the contractually required contribution	3,274,809	2,972,755	2,610,441	2,142,682	1,845,099
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 16,605,694	$ 16,458,615	$ 16,807,939	$ 15,428,298	$ 15,574,399
Contributions as a percentage of covered payroll	19.721%	18.062%	15.531%	13.888%	11.847%

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 4.21% in 2024 to 4.81% in 2025.

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 plan 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 3.65% to 3.93% since the previous valuation. The Medicare Part A premium cost trend rate assumption was changed from 4.50% to 5.00%, while the Medicare Part B premium cost trend rate assumption was changed from 5.40% to 6.50% 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 plan's 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 for the CalSTRS or CalPERS plans since the previous valuations.
- *Changes of Assumptions* – There were no changes in economic assumptions for the CalSTRS or CalPERS plans since 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, 2025

Ocean View School District

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			
Education Stabilization Fund			
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	$ 231,487
COVID-19 ESSER III State Reserve Emergency Needs	84.425U	15620	103,458
COVID-19 American Rescue Plan – Homeless Children and Youth II (ARP HCY II)	84.425W	15566	4,407
Subtotal			339,352
Title I, Part A, Basic Grants Low Income and Neglected	84.010	14329	1,537,734
Title III, English Learner Student Program	84.365	14346	169,412
Title III, Immigrant Education Program	84.365	15146	23,040
Subtotal			192,452
Title II, Part A, Supporting Effective Instruction	84.367	14341	216,012
Title IV, Part A, Student Support and Academic Enrichment	84.424	15396	113,387
Passed through West Orange County Consortium for Special Education			
Special Education Cluster (IDEA)			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	1,662,873
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	79,894
Subtotal			1,742,767
Preschool Grants, Part B, Sec 619	84.173	13430	70,668
Preschool Staff Development, Part B, Sec 619	84.173A	13431	617
Subtotal			71,285
Subtotal Special Education Cluster (IDEA)			1,814,052
Total U.S. Department of Education			4,212,989
U.S. Department of Agriculture			
Passed through California Department of Education			
Child Nutrition Cluster			
School Breakfast Basic	10.553	13525	36,199
School Breakfast Needy	10.553	13526	497,938
Subtotal			534,137
School Lunch - Section 4	10.555	13523	253,920
Commodities	10.555	13524	243,847
School Lunch - Section 11	10.555	13524	1,269,907
Supply Chain Assistance (SCA) Funds	10.555	15655	199,998
Subtotal			1,967,672
Subtotal Child Nutrition Cluster			2,501,809

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
Passed through California Department of Social Services			
Child and Adult Care Food Program (CACFP)			
CACFP Claims - Centers and Family Day Care Homes	10.558	13529	$ 181,353
Cash in Lieu of Commodities	10.558	13534	22,470
Subtotal			203,823
Total U.S. Department of Agriculture			2,705,632
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	155
COVID-19 ARP California State Preschool Program - Rate Supplements	93.575	15641	138,688
Subtotal			138,843
Subtotal Child Care and Development Fund (CCDF) Cluster			138,843
Total U.S. Department of Health and Human Services			138,843
Total Federal Financial Assistance			$ 7,057,464

	Final Report	
	Second Period Report	Annual Report
	5D48EF3E	D08FFB28
Regular ADA		
Transitional kindergarten through third	2,723.55	2,724.66
Fourth through sixth	2,015.17	2,010.66
Seventh and eighth	1,488.48	1,481.32
Total Regular ADA	6,227.20	6,216.64
Extended Year Special Education		
Transitional kindergarten through third	0.62	0.62
Fourth through sixth	0.21	0.21
Seventh and eighth	0.11	0.11
Total Extended Year Special Education	0.94	0.94
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.41	0.29
Fourth through sixth	3.10	2.91
Seventh and eighth	1.53	1.42
Total Special Education, Nonpublic, Nonsectarian Schools	5.04	4.62
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.01	0.01
Fourth through sixth	0.29	0.29
Seventh and eighth	0.05	0.05
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	0.35	0.35
Total ADA	6,233.53	6,222.55

Ocean View School District
Schedule of Instructional Time
Year Ended June 30, 2025

Grade Level	1986-1987 Minutes Requirement	2024-2025 Actual Minutes	Number of Minutes Credited From J-13A	Total Minutes Offered	Traditional Calendar: Number of Actual Days	Traditional Calendar: Number of Minutes Credited From J-13A	Traditional Calendar: Total Days Offered	Multitrack Calendar: Number of Actual Days	Multitrack Calendar: Number of Minutes Credited From J-13A	Multitrack Calendar: Total Days Offered	Status
Kindergarten	36,000	53,400	-	53,400	180	-	180	N/A	N/A	N/A	Complied
Grades 1 - 3											
Grade 1	50,400	50,460	-	50,460	180	-	180	N/A	N/A	N/A	Complied
Grade 2	50,400	50,460	-	50,460	180	-	180	N/A	N/A	N/A	Complied
Grade 3	50,400	50,460	-	50,460	180	-	180	N/A	N/A	N/A	Complied
Grades 4 - 8											
Grade 4	54,000	58,380	-	58,380	180	-	180	N/A	N/A	N/A	Complied
Grade 5	54,000	58,380	-	58,380	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, 2025.

	(Budget) 2026 [1]	2025	2024 [1]	2023 [1]
General Fund [3]				
Revenues	$ 108,574,863	$ 113,591,430	$ 119,931,847	$ 125,707,317
Other sources	-	26,375	226,275	1,427,940
Total revenues and other sources	108,574,863	113,617,805	120,158,122	127,135,257
Expenditures	115,899,048	119,772,036	120,679,268	109,683,422
Other uses	500,000	526,375	500,000	320,816
Total expenditures and other uses	116,399,048	120,298,411	121,179,268	110,004,238
Increase (Decrease) in Fund Balance	(7,824,185)	(6,680,606)	(1,021,146)	17,131,019
Ending Fund Balance	$ 27,342,194	$ 35,166,379	$ 41,846,985	$ 42,868,131
Available Reserves [2]	$ 3,498,135	$ 22,686,019	$ 16,426,264	$ 15,995,602
Available Reserves as a Percentage of Total Outgo	3.01%	18.86%	13.56%	14.54%
Long-Term Liabilities [4]	N/A	$ 283,136,215	$ 293,102,290	$ 260,298,556
K-12 Average Daily Attendance at P-2	6,039	6,234	6,320	6,386

The General Fund balance has decreased by $7,701,752 over the past two years. The fiscal year 2025-2026 budget projects a decrease of $7,824,185 (22.2%). 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 deficit in two of the past three years and anticipates incurring an operating deficit during the 2025-2026 fiscal year. Total long-term liabilities have increased by $22,837,659 over the past two years.

Average daily attendance has decreased by 152 over the past two years. Additional decrease of 195 ADA is anticipated during fiscal year 2025-2026.

[1] Financial information for 2026, 2024, and 2023 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.
[4] Amounts have not been restated for the effects of the implementation of GASB Statement No. 101 for comparative purposes. See Note 16 for further information.

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund
Assets				
Deposits and investments	$ 225,101	$ 4,720,281	$ 3,526,500	$ 4,774,453
Receivables	-	55,005	730,914	25,728
Due from other funds	-	1,669	-	580
Stores inventories	-	-	75,552	-
Total assets	$ 225,101	$ 4,776,955	$ 4,332,966	$ 4,800,761
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ -	$ 175,316	$ 229,076	$ 809,138
Due to other funds	-	205,291	160,726	-
Unearned revenue	-	1,126,082	45,322	-
Total liabilities	-	1,506,689	435,124	809,138
Fund Balances				
Nonspendable	-	-	76,552	-
Restricted	225,101	1,122,813	3,821,290	3,991,623
Assigned	-	2,147,453	-	-
Total fund balances	225,101	3,270,266	3,897,842	3,991,623
Total liabilities and fund balances	$ 225,101	$ 4,776,955	$ 4,332,966	$ 4,800,761

	County School Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets			
Deposits and investments	$ 986	$ 5,005,064	$ 18,252,385
Receivables	3	41,468	853,118
Due from other funds	-	-	2,249
Stores inventories	-	-	75,552
Total assets	$ 989	$ 5,046,532	$ 19,183,304
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ -	$ -	$ 1,213,530
Due to other funds	-	-	366,017
Unearned revenue	-	-	1,171,404
Total liabilities	-	-	2,750,951
Fund Balances			
Nonspendable	-	-	76,552
Restricted	989	5,046,532	14,208,348
Assigned	-	-	2,147,453
Total fund balances	989	5,046,532	16,432,353
Total liabilities and fund balances	$ 989	$ 5,046,532	$ 19,183,304

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund
Revenues				
Federal sources	$ -	$ -	$ 2,656,092	$ -
Other State sources	-	1,078,838	1,595,371	-
Other local sources	84,162	1,904,244	589,409	1,435,120
Total revenues	84,162	2,983,082	4,840,872	1,435,120
Expenditures				
Current				
Instruction	-	753,131	-	-
Instruction-related activities				
Supervision of instruction	-	1,118	-	-
School site administration	-	199,502	-	-
Pupil services				
Food services	-	-	4,572,822	-
All other pupil services	-	60	-	-
Administration				
All other administration	-	190,458	146,962	7,472
Plant services	-	106,330	-	25,966
Ancillary services	110,985	-	-	-
Community services	-	1,076,824	-	-
Facility acquisition and construction	-	-	-	3,172,165
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
Total expenditures	110,985	2,327,423	4,719,784	3,205,603
Excess (Deficiency) of Revenues Over Expenditures	(26,823)	655,659	121,088	(1,770,483)
Other Financing Uses				
Transfers out	-	-	-	-
Net Change in Fund Balances	(26,823)	655,659	121,088	(1,770,483)
Fund Balance - Beginning	251,924	2,614,607	3,776,754	5,762,106
Fund Balance - Ending	$ 225,101	$ 3,270,266	$ 3,897,842	$ 3,991,623

	County School Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues			
Federal sources	$ -	$ -	$ 2,656,092
Other State sources	-	22,437	2,696,646
Other local sources	12,894	5,528,737	9,554,566
Total revenues	12,894	5,551,174	14,907,304
Expenditures			
Current			
Instruction	-	-	753,131
Instruction-related activities			
Supervision of instruction	-	-	1,118
School site administration	-	-	199,502
Pupil services			
Food services	-	-	4,572,822
All other pupil services	-	-	60
Administration			
All other administration	-	-	344,892
Plant services	119	-	132,415
Ancillary services	-	-	110,985
Community services	-	-	1,076,824
Facility acquisition and construction	-	-	3,172,165
Debt service			
Principal	-	2,675,000	2,675,000
Interest and other	-	5,235,057	5,235,057
Total expenditures	119	7,910,057	18,273,971
Excess (Deficiency) of Revenues Over Expenditures	12,775	(2,358,883)	(3,366,667)
Other Financing Uses			
Transfers out	(425,294)	-	(425,294)
Net Change in Fund Balances	(412,519)	(2,358,883)	(3,791,961)
Fund Balance - Beginning	413,508	7,405,415	20,224,314
Fund Balance - Ending	$ 989	$ 5,046,532	$ 16,432,353

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, 2025. 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, 2025, 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. 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, 2025

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 three middles schools. The District occupies the northern regions of Huntington Beach and small segments of Westminster, Midway City, and Fountain Valley. There are no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Ms. Patricia Singer	President	2026
Mr. Jack C. Souders	Vice President	2026
Ms. Gina Clayton-Tarvin	Clerk	2028
Ms. Morgan Westmoreland	Member	2026
Ms. Keri Gorsage	Member	2028

ADMINISTRATION

NAME	TITLE
Dr. Julianne Hoefer	Superintendent
Ms. Reagan Headrick	Deputy Superintendent, Human Resources
Mr. Keith Farrow	Assistant Superintendent, Administrative Services
Dr. Alice Lee	Assistant Superintendent, Educational Services

Independent Auditor's Reports
June 30, 2025

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, 2025, 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, 2025.

Adoption of New Accounting Standard

As discussed in Note 16 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* for the year ended June 30, 2025. Accordingly, a restatement has been made the governmental activities net position as of July 1, 2024 to restate beginning net position. 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.

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

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*.

We noted certain matters that we reported to management of the District in a separate letter dated December 11, 2025.

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.

Eide Bailly LLP

Rancho Cucamonga, California
December 11, 2025

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, 2025. 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, 2025.

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.

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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

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 certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2025-001 and 2025-002 to be significant deficiencies.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

Eide Bailly LLP

Rancho Cucamonga, California
December 11, 2025

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 *2024-2025 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, 2025.

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, 2025.

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 *2024-2025 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.

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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 *2024-2025 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 *2024-2025 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 2024-2025 *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:

2024-2025 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	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

2024-2025 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)	Not Applicable
Career Technical Education Incentive Grant	Not Applicable
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Kindergarten Continuance	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 thresholds 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.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from 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 *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Ede Bailly LLP

Rancho Cucamonga, California
December 11, 2025

Schedule of Findings and Questioned Costs
June 30, 2025

Ocean View School District

Financial Statements

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

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
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)	Yes

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing
Title I, Part A, Basic Grants Low Income and Neglected	84.010
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?	No

State Compliance

Internal control over state compliance programs	
Material Weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Other matters to be reported	No
Type of auditor's report issued on compliance for programs	Unmodified

None reported.

The following findings represent significant deficiencies in internal control that are required to be reported by the Uniform Guidance. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
50000	Federal Compliance

2025-001 50000 – Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Federal Agency: Department of Education
Pass-Through Entity: California Department of Education
Program Name: Title I, Part A, Basic Grants Low Income and Neglected
Federal Financial Assistance Listing: 84.010
Award Identification Number: 14329
Award Year: 2025
Compliance Requirement: A/B (Activities Allowed or Unallowed and Allowable Costs/Cost Principles)
Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria

Per Title 2, *Code of Federal Regulations*, Part 200, Subpart E, Section 200.505(a)(1), A cost is allocable to a Federal award or other cost objective if the cost is assignable to that federal award or other cost objective in accordance with the relative benefits received. This standard is met if the cost satisfies any of the following criteria: Is incurred specifically for the Federal award.

Condition

Through review of wages charged to the federal program, it was noted that one employee's extra duty was not incurred specifically for the federal award.

Cause

The identified condition appears to have materialized due to ineffective monitoring.

Effect

As a result of the condition identified, the District was not in compliance with the Title 2, *Code of Federal Regulations*, Part 200, Subpart E, Section 200.505(a)(1). The District charged unallowable extra duty salaries of one employee to the federal award.

Questioned Costs

There were no questioned costs associated with the identified condition.

Context

A nonstatistical sample of 40 out of 1,279 was initially tested. This resulted in one instance of immaterial noncompliance. In response to this immaterial noncompliance, 20 additional samples were tested with no additional noncompliance noted.

Repeat Finding

No.

Recommendation

The District should establish more effective internal controls and monitoring over how federal funds are spent to ensure compliance.

Corrective Action Plan and Views of Responsible Officials

Immediate Corrective Action Taken:

- Upon discovery, the Ocean View School District Fiscal Services Department reclassified the payroll cost from Title I to the employees regular special education funding account.
- This journal entry was completed prior to closing the books for FY 2024-25, ensuring that Title I funding was fully restored and not negatively impacted.

Preventive Measure to Avoid Recurrence:

Budget Code Verification Process

- Fiscal Services has implemented an additional review step for all extra duty or abnormal pay requests. Before processing, HR and Payroll staff must verify the program code against the employee's funding source in the financial system.

Responsible Parties:

- Director of Fiscal Services – Oversight of corrective action and monitoring.
- Payroll Supervisor & HR Coordinator – Verification of funding sources before processing extra pay.
- Site Administrators – Correct budget coding on memoranda.

Completion Date:

- Immediate correction was made prior to FY 2024-25 year-end close (August 19, 2025).

2025-002 50000 – Eligibility

Federal Agency: Department of Education
Pass-Through Entity: California Department of Education
Program Name: Title I, Part A, Basic Grants Low Income and Neglected
Federal Financial Assistance Listing: 84.010
Award Identification Number: 14329
Award Year: 2025
Compliance Requirement: E (Eligibility)
Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria

Per Title 34, *Code of Federal Regulations*, Part 200, Subpart A, Section 200.78(a), LEAs are required to report Title I, Part A School Student Counts data collection on their Consolidated Application and Reporting System (CARS). The purpose of Title I, Part A School Student Counts is to report low-income measurement, student enrollment counts, and low-income student enrollment counts. School allocations are reported in the CARS, which is used to distribute funds to school sites and eligible private schools by the LEA.

Condition

The District was unable to provide documentation used to populate student enrollment counts on the CARS report.

Cause

The identified condition appears to have materialized due to ineffective monitoring over this specific compliance requirement and staff turnover.

Effect

Allocation schedule by school site was inaccurate by immaterial amounts for five of 13 sites.

Questioned Costs

There were no questioned costs associated with the identified condition.

Context

The condition was identified during the course of our review of supporting documents and our inquiry with District's personnel. One of one Title I, Part A School Allocations form was selected for testing.

Repeat Finding

No.

Recommendation

The District may elect to keep the pre-populated figures in this section of the CARS. Pre-populated figures are derived from the California Longitudinal Pupil Achievement Data Systems (CALPADS) Fall 1 data collection (CALPADS 1.17). Additionally, the District may elect to revise pre-populated figures with the CALPADS 1.17 reports from prior year or current year. Most importantly, if the District elects to revise the pre-populated figures it must be consistent in terms of using the same CALPADS 1.17 for all sites' student enrollment counts and keep these files on record.

Corrective Action Plan and Views of Responsible Officials

Immediate Corrective Action Taken:

- Fiscal Services reviewed the Title I allocations to confirm that no improper fiscal impact occurred as a result of the reporting discrepancy.
- The district documented the finding and communicated the error internally to Fiscal Services and Educational Services staff.
- Roles and responsibilities for ConApp enrollment data review have been clarified to prevent future manual errors.

Preventive Measures to Avoid Recurrence:

1. Dual Verification of ConApp Enrollment Data
    - The Accountant in Fiscal Services will now compare and confirm the ConApp enrollment counts to certified CALPADS Fall 1 data before submission and certification.
    - A second-level review by the Coordinator of Teaching and Learning Department certifying the ConApp.
2. Documentation & Recordkeeping
    - Any adjustments to pre-populated enrollment numbers will require written justification and supporting documentation (e.g., CALPADS reports, email confirmations).

Responsible Parties:

- Fiscal Services Accountant – Responsible for matching the ConApp enrollment counts to CALPADS Fall 1 and maintaining backup documentation.
- Coordinator, Teaching and Learning Department – Support in verifying site-level data.

Completion Date:

- Immediate clarification and assignment of review responsibilities were completed in October 2025.

None reported.

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

Financial Statement Findings

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

Criteria

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.

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.

Current Status

Implemented.

State Compliance Findings

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

Criteria

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.

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.

Current Status

Implemented.

Management
Ocean View School District
Huntington Beach, California

In planning and performing our audit of the financial statements of Ocean View School District (the District) for the year ended June 30, 2025, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal structure.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 11, 2025, on the government-wide financial statements of the District.

Associated Student Body (ASB)

Mesa View Middle School

Observations

1. Based on the review of the disbursement procedures, it was noted that two of five disbursements tested were not approved prior to the transaction taking place. This could potentially lead to spending in excess of available funds. Additionally, expenditures of a questionable nature could arise if disbursements are not pre-approved.
2. Based on the review of the disbursement procedures, it was noted that two of five disbursements tested did not contain explicit receiving documentation to indicate that goods had been received. As a result, the vendor invoice was paid without direct confirmation that the goods being ordered had been received by the ASB.
3. Based on the review of bank reconciliation procedures, it was noted that numerous checks were over six months old making the probability of them clearing the account quite low.

Recommendations

1. The site should ensure that all disbursement transactions are pre-approved by authorized administrative personnel and the student council. This would allow the student council to determine if the proposed activities are appropriate and to determine if sufficient funding is available to finance the activities or the purchases.

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2. All goods being ordered should be documented with explicit receiving documentation. Documentation should indicate the date that the goods have been received and documentation regarding whether or not the goods have been received intact, undamaged, and in the correct quantities. Payments for vendor invoices should only be made once the receiving documentation is available.
3. Outstanding checks over six months old should be credited back to the appropriate account and taken off the subsequent bank reconciliations. Although the chances are low, the check may clear on a subsequent bank statement. In this case, the amount should be charged against the appropriate account and described as “outstanding check written off-cleared.”

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

Eide Bailly LLP

Rancho Cucamonga, California
December 11, 2025