2019-2020 Annual Financial Audit Report

Ontario-Montclair School District

950 West D Street

Ontario, CA 91762

www.omsd.net

Board Approved: February 4, 2021

Financial Statements
June 30, 2020

Ontario-Montclair School District

EideBailly
CPAs & BUSINESS ADVISORS

Independent Auditor's Report

Governing Board
Ontario-Montclair School District
Ontario, California

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ontario-Montclair School District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

10681 Foothill Blvd., Ste. 300 | Rancho Cucamonga, CA 91730-3831 | T 909.466.4410 | F 909.466.4431 | EOE

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ontario-Montclair School District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, budgetary comparison information on page 77, schedule of changes in the District's total OPEB liability and related ratios on page 78, schedule of the District's proportionate share of the net OPEB liability – MPP program on page 79, schedule of the District's proportionate share of the net pension liability on page 80, and the schedule of District contributions on page 81, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ontario-Montclair School District's financial statements. The combining and individual nonmajor fund financial statements, Schedule of Expenditures of Federal Awards as required by the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 15, 2021 on our consideration of Ontario-Montclair School District‘s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Ontario-Montclair School District‘s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ontario-Montclair School District‘s internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
January 15, 2021

Ontario-Montclair
School District

950 West D Street, Ontario, California 91762 • (909) 418-6450 FAX: (909) 459-2555

BUSINESS SERVICES

This section of Ontario-Montclair School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2020, with comparative information from the fiscal year ending June 30, 2019. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the Ontario-Montclair School District and its component units 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 present governmental activities. These statements include all assets and deferred outflows of resources of the District, as well as all liabilities and deferred inflows of resources (including long-term liabilities). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

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

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

Reconciliation of the Fund Financial Statements 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 Ontario-Montclair 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 and deferred outflows of resources and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

The relationship between revenues and expenses is the District's *operating results.* Since the 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 report the District activities as follows:

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Revenues, Expenses, and Changes in Fund Net Position*. In fact, the District's enterprise funds are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities, such as the District's Internal Service Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

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

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $6,922,126 for the fiscal year ended June 30, 2020. Of this amount, $(211,154,221) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use that net position for day-to-day operations. Our analysis below focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2020	2019
Assets		
Current and other assets	$ 209,347,009	$ 247,681,726
Capital assets	262,670,108	251,399,893
Total assets	472,017,117	499,081,619
Deferred outflows of resources	76,043,595	83,302,146
Liabilities		
Current liabilities	40,892,036	43,171,846
Long-term liabilities	132,622,887	157,138,236
Other postemployment benefits (OPEB) libaility	49,687,005	50,327,003
Aggregate net pension liability	289,947,474	284,138,310
Total liabilities	513,149,402	534,775,395
Deferred inflows of resources	27,989,184	21,698,901
Net Position		
Net investment in capital assets	171,439,916	165,749,942
Restricted	46,636,431	52,501,667
Unrestricted (deficit)	(211,154,221)	(192,342,140)
Total net position	$ 6,922,126	$ 25,909,469

The $(211,154,221) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations.

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 14. 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	
	2020	2019
Revenues		
Program revenues		
Charges for services	$ 2,092,502	$ 2,682,444
Operating grants and contributions	68,980,751	78,171,520
Capital grants and contributions	21,459	93,166
General revenues		
Federal and State aid not restricted	203,183,682	203,470,204
Property taxes	31,043,678	31,407,942
Other general revenues	5,103,369	7,643,426
Total revenues	310,425,441	323,468,702
Expenses		
Instruction-related	238,114,511	247,545,973
Pupil services	39,700,613	39,883,377
Administration	22,279,843	16,513,996
Plant services	22,349,645	24,581,993
All other services	6,968,172	6,719,919
Total expenses	329,412,784	335,245,258
Change in net position	$ (18,987,343)	$ (11,776,556)

Governmental Activities

As reported in the Statement of Activities on page 14, the cost of all of our governmental activities this year was $329,412,784. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $31,043,678, because the cost was paid by those who benefited from the programs, $2,092,502, or by other governments and organizations who subsidized certain programs with grants and contributions, $69,002,210. We paid for the remaining "public benefit" portion of our governmental activities with $208,287,051, in Federal and State funds and with other revenues, like interest and general entitlements.

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

	2020		2019	
	Total Cost of Services	Net Cost/ (Revenues) of Services	Total Cost of Services	Net Cost/ (Revenues) of Services
Instruction-related	$ 238,114,511	$ (191,772,202)	$ 247,545,973	$ (194,970,860)
Pupil services	39,700,613	(20,681,390)	39,883,377	(18,318,386)
Administration	22,279,843	(19,320,936)	16,513,996	(13,240,934)
Plant services	22,349,645	(21,610,767)	24,581,993	(23,069,130)
All other services	6,968,172	(4,932,777)	6,719,919	(4,698,818)
Total	$ 329,412,784	$ (258,318,072)	$ 335,245,258	$ (254,298,128)

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $152,330,884, which is a decrease of $36,739,465, or 19.4 percent from last year (Table 4).

Table 4

	Balances and Activity			
	July 1, 2019	Revenues and Other Financing Sources	Expenditures Other Financing Uses	June 30, 2020
General Fund	$ 82,303,962	$ 284,321,515	$ 282,731,286	$ 83,894,191
Building Fund	42,599,406	837,128	12,637,217	30,799,317
Child Development Fund	273,168	3,677,110	3,762,459	187,819
Cafeteria Fund	6,711,439	13,866,716	15,276,556	5,301,599
Deferred Maintenance Fund	248	6	-	254
Capital Facilities Fund	4,859,035	1,130,881	1,594,688	4,395,228
County School Facilities Fund	1,507,089	21,460	1,479,536	49,013
Special Reserve Fund for Capital Outlay Projects	17,652,504	2,155,963	2,671,246	17,137,221
Bond Interest and Redemption Fund	13,298,746	7,285,501	10,018,005	10,566,242
Debt Service Fund	19,864,752	-	19,864,752	-
Total	$ 189,070,349	$ 313,296,280	$ 350,035,745	$ 152,330,884

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 revision to the Budget was posted as of June 30, 2020. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 77.)

Revenue and expenditure revisions were made to the 2019-2020 Budget due to changes in State funding, changes in student enrollment and attendance, changes to Federal grant awards, and increases and savings in expenditures that were confirmed after the Budget was adopted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the District had a carrying value of $262,670,108 in a broad range of capital assets (net of depreciation), including land, buildings, furniture and equipment, and vehicles. This amount represents a net increase (including additions, deductions, and depreciation) of $11,270,215 or 4.48 percent, from last year.

Table 5

	Governmental Activities	
	2020	2019
Land and construction in progress	$ 43,791,337	$ 67,697,382
Buildings and improvements	214,637,493	178,888,631
Equipment	4,241,278	4,813,880
Total	$ 262,670,108	$ 251,399,893

Several capital projects are planned for the 2019-2020 year. We present more detailed information about our capital assets in Note 4 to the financial statements.

Long-Term Liabilities other than OPEB and Pension

At the end of this year, the District had $132,622,887 in long-term liabilities other than OPEB and Pension outstanding versus $157,138,236 last year, resulting in a decrease of $24,515,349, or 15.6 percent, from last year. Those long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2020	2019
General obligation bonds - net (financed with property taxes)	$ 128,843,734	$ 153,071,766
Compensated absences	2,962,002	3,157,383
Claims liability	740,677	807,098
SELF workers' compensation assessment	76,474	101,989
Total	$ 132,622,887	$ 157,138,236

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

OPEB and Pension Liabilities

At year-end, the District had a net OPEB liability of $49,687,005 versus $50,327,003 last year, a decrease of $639,998, or 1.3 percent.

At year end, the District had $289,947,474 in net pension liability versus $284,138,310 last year, resulting in an increase of $5,809,164, or 2.0 percent, from last year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget, for the 2020-2021 year, which was adopted on June 18, 2020, the District Board of Trustees and management used the following criteria and assumptions:

A. ADA Assumptions

1. Regular ADA (excluding County Office of Education ADA) is estimated to decline in fiscal year 2020-2021:
    a. 2020-2021: 18,929 Estimated P-2
    b. 2019-2020: 19,390 Actual P-2
    c. 2018-2019: 19,844 Actual P-2

B. Revenue Assumptions

1. Local Control Funding Formula (LCFF) is budgeted to decrease to $198.4 million:
    a. Cost of Living Adjustment (COLA) of 2.31 percent, with a negative 10 percent deficit factor.
    b. A three-year rolling average unduplicated pupil percentage of 88.78, the count of pupils who are English Learner students, Free or Reduced-Price Meal students, and/or Foster Youth.
    c. Local property taxes of $17,802,635.

C. Expenditure Assumptions

1. Step and column salary increases have been provided for all applicable contract positions. In addition, due to recent pension reform, the District has increased its contribution to CalPERS and temporarily decreased its contribution to CalSTRS due to a onetime State contribution to CalSTRS.
2. Based on the State Adopted 2020-2021 Budget and the incorporation of the estimated effects of declining enrollment, subsequent year expenditure reductions are planned for the General Fund, which include but not limited to, contract salary and benefits and formula driven allocations.
3. All Federal, State, and Local categorical grant programs are budgeted with revenues equaling expenditures. Entitlement programs are budgeted for expenditures equaling the sum of current year revenues and restricted fund balances.

D. Fund Balance

The total District budgeted 2020-2021 Ending Fund Balance is based on the District's 2019-2020 General Fund Estimated Actuals Report and 2020-2021 General Fund Adopted Budget Report. This balance is estimated to be $38.86 million, which includes but not limited to, Nonspendable balances of $343,995, Committed balances of $25.31 million, Restricted balances of $4.81million, and an Economic Uncertainties balance of $8.40 million.

E. Multi-Year Projection

In order to obtain a positive certification on State required Interim Financial Reports, the District must prepare and the District Governing Board of Trustees approve, a Multi-Year Projection that includes a solvent financial picture for the current fiscal year (2020-2021) and two subsequent fiscal years (2021-2022 and 2022-2023).

F. Subsequent Budget Revisions

After the 2020-2021 Budget Adoption, the District has since submitted budget revisions reflecting the changes in LCFF revenue due to the removal of the negative ten percent factor. This resulted in LCFF revenue increasing to $215.5 million. Budget revisions reflecting the Coronavirus Learning Loss and Elementary and Secondary School Emergency Relief funding were also submitted, which represents approximately $32 million.

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 additional financial information, contact the Chief Business Official, Mr. Phil Hillman, at Ontario-Montclair School District, 950 West D Street, Ontario, California 91762 or email at Phil.Hillman@omsd. net.

	Governmental Activities
Assets	
Deposits and investments	$ 155,962,771
Restricted assets - pension trust	7,084,271
Receivables	45,238,414
Prepaid expenses	273,712
Stores inventories	787,841
Capital assets not depreciated	43,791,337
Capital assets, net of accumulated depreciation	218,878,771
Total capital assets	262,670,108
Total assets	472,017,117
Deferred Outflows of Resources	
Deferred charge on refunding	883,260
Deferred outflows of resources related to other postemployment benefits (OPEB) liability	175,050
Deferred outflows of resources related to pensions	74,985,285
Total deferred outflows of resources	76,043,595
Liabilities	
Accounts payable	38,507,883
Accrued interest payable	1,916,174
Unearned revenue	467,979
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	5,289,011
Long-term liabilities other than OPEB and pensions due in more than one year	127,333,876
Net other postemployment benefits liabilities	49,687,005
Aggregate net pension liabilities	289,947,474
Total liabilities	513,149,402
Deferred Inflows of Resources	
Deferred inflows of resources related to other postemployment benefits (OPEB) liability	3,517,834
Deferred inflows of resources related to pensions	24,471,350
Total deferred inflows of resources	27,989,184
Net Position	
Net investment in capital assets	171,439,916
Restricted for	
Debt service	8,650,068
Capital projects	4,444,241
Educational programs	4,367,313
Self-insurance	17,223,112
Cafeteria	4,821,953
Other activities	45,473
Other restrictions - pension trust	7,084,271
Unrestricted (deficit)	(211,154,221)
Total net position	$ 6,922,126

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	$ 208,572,959	$ 805,670	$ 41,596,097	$ 21,459	$ (166,149,733)
Instruction-related activities					
Supervision of instruction	6,616,925	71,394	1,567,161	-	(4,978,370)
Instructional library, media, and technology	1,129,177	-	173,729	-	(955,448)
School site administration	21,795,450	4,434	2,102,365	-	(19,688,651)
Pupil services					
Home-to-school transportation	6,569,883	-	80,494	-	(6,489,389)
Food services	15,189,228	87,358	12,453,092	-	(2,648,778)
All other pupil services	17,941,502	155,834	6,242,445	-	(11,543,223)
Administration					
Data processing	10,893,702	-	745	-	(10,892,957)
All other administration	11,386,141	81,450	2,876,712	-	(8,427,979)
Plant services	22,349,645	12,301	726,577	-	(21,610,767)
Ancillary services	766,900	-	41,349	-	(725,551)
Community services	2,085	-	-	-	(2,085)
Enterprise services	12,501	-	3,870	-	(8,631)
Interest on long-term liabilities	5,630,642	-	-	-	(5,630,642)
Other outgo	556,044	874,061	1,116,115	-	1,434,132
Total governmental activities	$ 329,412,784	$ 2,092,502	$ 68,980,751	$ 21,459	(258,318,072)
General Revenues and Subventions					
Property taxes, levied for general purposes					23,150,656
Property taxes, levied for debt service					6,618,183
Taxes levied for other specific purposes					1,274,839
Federal and State aid not restricted to specific purposes					203,183,682
Interest and investment earnings					2,829,651
Miscellaneous					2,273,718
Total general revenues and subventions					239,330,729
Change in Net Position					(18,987,343)
Net Position - Beginning					25,909,469
Net Position - Ending					$ 6,922,126

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	$ 74,349,930	$ 31,578,848	$ 33,881,759	$ 139,810,537
Restricted assets - pension trust	7,084,271	-	-	7,084,271
Receivables	41,602,908	165,683	3,384,753	45,153,344
Due from other funds	4,423,441	-	3,762,860	8,186,301
Prepaid expenditures	273,712	-	-	273,712
Stores inventories	344,745	-	443,096	787,841
Total assets	$ 128,079,007	$ 31,744,531	$ 41,472,468	$ 201,296,006
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 35,441,323	$ 945,214	$ 2,074,272	$ 38,460,809
Due to other funds	8,275,514	-	1,760,820	10,036,334
Unearned revenue	467,979	-	-	467,979
Total liabilities	44,184,816	945,214	3,835,092	48,965,122
Fund balances				
Nonspendable	693,457	-	479,646	1,173,103
Restricted	11,451,584	30,799,317	19,877,909	62,128,810
Committed	-	-	254	254
Assigned	63,267,211	-	17,279,567	80,546,778
Unassigned	8,481,939	-	-	8,481,939
Total fund balances	83,894,191	30,799,317	37,637,376	152,330,884
Total liabilities and fund balances	$ 128,079,007	$ 31,744,531	$ 41,472,468	$ 201,296,006

Total Fund Balance - Governmental Funds		$ 152,330,884
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	$ 418,418,827	
Accumulated depreciation is	(155,748,719)	
Net capital assets		262,670,108
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(1,916,174)
An Internal Service Fund is used by the District's management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities.		17,223,112
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		
Debt refundings	883,260	
Other postemployment benefits	175,050	
Net pension liability	74,985,285	
Total deferred outflows of resources		76,043,595
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	(3,517,834)	
Net pension liability	(24,471,350)	
Total deferred inflows of resources		(27,989,184)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(289,947,474)

The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		$ (49,687,005)
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	$ (114,200,015)	
Unamortized premium	(8,712,754)	
Compensated absences (vacations)	(2,962,002)	
In addition, the District has issued 'capital appreciation' general obligation bonds. The accretion of interest on the general obligation bonds to date is	(5,930,965)	
Total long-term liabilities		(131,805,736)
Total net position - governmental activities		$ 6,922,126

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local control funding formula	$ 219,337,569	$ -	$ -	$ 219,337,569
Federal sources	15,272,894	-	12,906,843	28,179,737
Other State sources	39,433,792	-	4,218,722	43,652,514
Other local sources	7,989,725	837,128	9,120,218	17,947,071
Total revenues	282,033,980	837,128	26,245,783	309,116,891
Expenditures				
Current				
Instruction	182,791,455	-	3,067,509	185,858,964
Instruction-related activities				
Supervision of instruction	5,908,466	-	274,079	6,182,545
Instructional library, media, and technology	1,074,495	-	-	1,074,495
School site administration	20,051,393	-	154,438	20,205,831
Pupil services				
Home-to-school transportation	6,324,125	-	-	6,324,125
Food services	193,012	-	13,813,234	14,006,246
All other pupil services	16,707,389	-	19,426	16,726,815
Administration				
Data processing	12,372,447	-	-	12,372,447
All other administration	9,889,032	-	1,007,478	10,896,510
Plant services	20,849,321	-	877,069	21,726,390
Ancillary services	720,977	-	-	720,977
Other outgo	556,044	-	-	556,044
Enterprise services	3,626	-	-	3,626
Facility acquisition and construction	2,297,650	12,637,217	3,283,717	18,218,584
Debt service				
Principal	-	-	5,260,000	5,260,000
Interest and other	-	-	5,123,217	5,123,217
Total expenditures	279,739,432	12,637,217	32,880,167	325,256,816
Excess (Deficiency) of Revenues over Expenditures	2,294,548	(11,800,089)	(6,634,384)	(16,139,925)
Other Financing Sources (Uses)				
Transfers in	2,287,535	-	1,891,854	4,179,389
Transfers out	(2,991,854)	-	(2,287,535)	(5,279,389)
Other uses - payment to refunded bond escrow agent	-	-	(19,499,540)	(19,499,540)
Net financing sources (uses)	(704,319)	-	(19,895,221)	(20,599,540)
Net Change in Fund Balances	1,590,229	(11,800,089)	(26,529,605)	(36,739,465)
Fund Balances - Beginning	82,303,962	42,599,406	64,166,981	189,070,349
Fund Balances - Ending	$ 83,894,191	$ 30,799,317	$ 37,637,376	$ 152,330,884

Total Net Change in Fund Balances - Governmental Funds		$ (36,739,465)
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.		
This is the amount by which capital outlays exceeds depreciation expense in the period.		
Capital outlays	$ 19,895,653	
Depreciation expense	(8,618,531)	
Net Expense Adjustment		11,277,122
Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.		(6,907)
In the Statement of Activities, compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resource used (essentially, the amounts actually paid). Vacation earned was less than the amounts used by $195,381.		195,381
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.		(16,218,233)
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows and net OPEB liability during the year.		(2,702,786)

Governmental funds report the effect of deferred charges on refunding when refundings occur, whereas the amounts are deferred and amortized in the Statement of Activities. This amount represents the effect of deferred charges resulting from the refunding of bonds in the current year.		$ 294,540
Repayment of general obligation bond principal is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		24,465,000
Under the modified basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when the financial resources are available. This adjustment combines the net changes of the following balances:		
Amortization of debt premium	$ 522,107	
Amortization of deferred charges on refunding	(91,521)	
Combined Adjustment		430,586
Interest on long-term liabilities in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities is the net result of two factors. First, accrued interest on the general obligation bonds increased by $178,936, and second, $759,075 of additional accumulated interest was accreted on the District's "capital appreciation" general obligation bonds.		(938,011)
An Internal Service Fund is used by the District's management to charge the costs of the workers' compensation insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.		955,430
Change in Net Position of Governmental Activities		$ (18,987,343)

	Governmental Activities - Internal Service Fund
Assets	
Current assets	
Deposits and investments	$ 16,152,234
Receivables	85,070
Due from other funds	4,512,654
Total current assets	20,749,958
Liabilities	
Current liabilities	
Accounts payable	47,074
Due to other funds	2,662,621
Current portion of claims liability	228,496
Total current liabilities	2,938,191
Noncurrent liabilities	
Noncurrent portion of claims liability and SELF assessment	588,655
Net Position	
Restricted	$ 17,223,112

	Governmental Activities - Internal Service Fund
Operating Revenues	
Charges to other funds and miscellaneous revenues	$ 4,179,806
Operating Expenses	
Payroll costs	89,105
Supplies and materials	15,723
Other operating cost	4,525,622
Total operating expenses	4,630,450
Operating loss	(450,644)
Non-Operating Revenues	
Interest income	306,074
Transfers in	1,100,000
Total non-operating revenues	1,406,074
Change in Net Position	955,430
Total Net Position - Beginning	16,267,682
Total Net Position - Ending	$ 17,223,112

	Governmental Activities - Internal Service Fund
Cash Flows Used by Operating Activities	
Cash received from assessments made to other funds	$ 4,680,392
Cash payments to employees for services	(89,105)
Other operating cash payments	(15,723)
Cash payments for claims	(4,700,906)
Net cash used by operating activities	(125,342)
Cash Flows from Noncapital Financing Activities	
Transfer in from other funds	1,100,000
Cash Flows from Investing Activities	
Interest on investments	320,011
Net Increase in Cash and Cash Equivalents	1,294,669
Cash and Cash Equivalents - Beginning	14,857,565
Cash and Cash Equivalents - Ending	$ 16,152,234
Reconciliation of Operating Loss to Net Cash used by Operating Activities	
Operating loss	$ (450,644)
Changes in assets and liabilities	
Receivables	(8,953)
Due from other funds	(751,522)
Accounts payable	(83,348)
Due to other funds	1,261,061
Claims liability and self assessment	(91,936)
Net Cash used by Operating Activities	$ (125,342)

	Agency Funds
Assets	
Cash and cash equivalents	$ 419,058
Liabilities	
Due to student groups	$ 419,058

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Ontario-Montclair School District (the District) was organized in 1894 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 K-8 as mandated by the State. The District operates 26 elementary schools, six middle schools, a community day school, an independent study program, and a child care program.

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 Ontario-Montclair School District, this includes general operations, food service, and student-related activities of the District.

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

Two funds currently defined as special revenue funds in the California State Accounting Manual (CSAM) do not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, and Fund 20, Special Reserve Fund for Postemployment Benefits, 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 revenues and other financing sources, and fund balance of $703,784 and $26,380,392, respectively.

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

Non-Major Governmental Funds

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

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

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

- **Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for State apportionments and the District's contributions for deferred maintenance purposes (*Education Code* Sections 17582-17587) and for items of maintenance approved by the State Allocation Board.

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

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

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

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

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

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

- **Debt Service Fund** The Debt Service Fund is used for the accumulation of resources for the retirement of principal and interest on general long-term debt.

Proprietary Funds Proprietary Funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has the following proprietary fund:

- **Internal Service Fund** Internal Service Funds may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operates Workers' Compensation, Property and Liability, and Other Postemployment Benefit Programs that are accounted for in the Internal Service Fund.

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

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

Basis of Accounting - Measurement Focus

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

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

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

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

- **Governmental Funds** All governmental funds are accounted for using a 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 report 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 reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

- **Proprietary Funds** Proprietary Funds are accounted for using a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

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

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

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

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

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

Cash and Cash Equivalents

The District′s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the Statement of Cash Flows.

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. Fair values of investments in county and State investment pools are determined by the program sponsor.

Restricted Assets - Pension Trust

The District has established an irrevocable trust with Public Agency Retirement Services (PARS) for the express purpose of accumulating resources to pay future CalPERS and CalSTRS employer contributions. As of June 30, 2020, the balance of the trust was $7,084,271.

Prepaid Expenditures (Expenses)

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

Stores Inventories

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

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $15,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized but are expensed as incurred.

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

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

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings and improvements, 20 to 50 years; vehicles, eight to 15 years; equipment, two to 15 years.

Interfund Balances

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide and proprietary fund 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 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 fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and other long-term liabilities are recognized as liabilities in the governmental fund financial statements when due.

Debt Issuance Costs, Premiums, and Discounts

In the government-wide financial statements and in the proprietary fund type financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Position. Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the *Statement of Net Position* also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items. The deferred charge on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate to contributions subsequent to measurement date, change in proportions and differences between contributions and the District's proportionate share of contributions, differences between expected and actual experiences in the measurement of total pension liability, differences between projected and actual earnings on OPEB plan investments, and changes of assumptions.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items and for OPEB related items. The deferred amounts related to pension and OPEB relate to change in proportions and differences between contributions and the District's proportionate share of contributions , differences between expected and actual experiences in the measurement of total pension liability, differences between projected and actual earnings on pension plan investments, differences between expected and actual experiences, and changes of assumptions.

Pensions

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

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 MPP's fiduciary net position have been determined on the same basis as they are reported by the MPP. For this purpose, the MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Fund Balances - Governmental Funds

As of June 30, 2020, fund balances of the governmental funds are classified as follows:

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

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

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

Net Position

Net position represents the difference between assets and liabilities. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District 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 $46,636,431 of net position restricted by enabling legislation.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges to other funds for self-insurance. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 and after non-operating revenues/expenses in proprietary 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 governmental columns of the Statement of Activities.

Estimates

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

Property Tax

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

Change in Accounting Principles

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

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

- Statement No. 83, Certain Asset Retirement Obligations
- Statement No. 84, Fiduciary Activities
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period

- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, Implementation Guidance Update—2018
- Implementation Guide No. 2019-1, Implementation Guidance Update—2019
- Implementation Guide No. 2019-2, Fiduciary Activities.

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

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

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

New Accounting Pronouncements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reporting
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan

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

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

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

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

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

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap

- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

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

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

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

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

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

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

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

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

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

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

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

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Governmental activities	$ 155,962,771
Fiduciary funds	419,058
Total deposits and investments	$ 156,381,829

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

Cash on hand and in banks	$ 795,614
Cash in revolving	111,550
Investments	155,474,665
Total deposits and investments	$ 156,381,829

Policies and Practices

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

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposures to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by primarily investing in the San Bernardino County Treasury Investment Pool.

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District’s portfolio is presented in the following schedule:

Investment Type	Reported Amount	Weighted Average Maturity in Days/ Maturity Date
San Bernardino County Treasury Investment Pool	$ 155,474,665	553

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the San Bernardino County Investment Pool were rated by Fitch Ratings as AAAf/S1.

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 not have a policy for custodial credit risk for deposits. However, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2020, the District's cash in banks were either insured or collateralized by securities held by the pledging financial institution, but not in the name of the District.

Note 3 - Receivables

Receivables at June 30, 2020, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities
Federal Government					
Categorical aid	$ 4,929,600	$ -	$ 2,529,347	$ -	$ 7,458,947
State Government					
LCFF apportionment	32,022,220	-	-	-	32,022,220
Categorical aid	395,836	-	604,981	-	1,000,817
Special education	1,487,351	-	-	-	1,487,351
Lottery	944,028	-	-	-	944,028
Local Government					
Interest	374,907	159,500	134,963	74,016	743,386
Due from other LEAs	1,035,746	-	-	-	1,035,746
Other Local Sources					
Other	413,220	6,183	115,462	11,054	545,919
Total	$ 41,602,908	$ 165,683	$ 3,384,753	$ 85,070	$ 45,238,414

Note 4 - Capital Assets

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

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Governmental Activities				
Capital assets not being depreciated				
Land	$ 6,160,798	$ -	$ -	$ 6,160,798
Construction in progress	61,536,584	17,774,662	(41,680,707)	37,630,539
Total capital assets not being depreciated	67,697,382	17,774,662	(41,680,707)	43,791,337
Capital assets being depreciated				
Buildings and improvements	295,070,697	36,274,400	-	331,345,097
Site improvements	14,374,770	7,211,860	(47,366)	21,539,264
Furniture and equipment	21,475,691	315,438	(48,000)	21,743,129
Total capital assets being depreciated	330,921,158	43,801,698	(95,366)	374,627,490
Total capital assets	398,618,540	61,576,360	(41,776,073)	418,418,827
Less accumulated depreciation				
Buildings and improvements	(118,910,397)	(7,052,636)	-	(125,963,033)
Site improvements	(11,646,439)	(677,855)	40,459	(12,283,835)
Furniture and equipment	(16,661,811)	(888,040)	48,000	(17,501,851)
Total accumulated depreciation	(147,218,647)	(8,618,531)	88,459	(155,748,719)
Governmental activities capital assets, net	$ 251,399,893	$ 52,957,829	$ (41,687,614)	$ 262,670,108

Depreciation expense was charged to governmental functions as follows:

Instruction	$ 7,827,350
Food service	791,181
Total depreciation	$ 8,618,531

Note 5 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2020, between major and non-major governmental funds, and the internal service fund are as follows:

	Due From			
Due To	General Fund	Non-Major Governmental Funds	Internal Service Fund	Total
General Fund	$ -	$ 1,760,820	$ 2,662,621	$ 4,423,441
Non-Major Governmental Funds	3,762,860	-	-	3,762,860
Internal Service Fund	4,512,654	-	-	4,512,654
Total	$ 8,275,514	$ 1,760,820	$ 2,662,621	$ 12,698,955

A balance of $667,755 is due to the General Fund from the Child Development Non-Major Governmental Fund for the reimbursement of payroll and indirect costs.

A balance of $1,089,014 is due to the General Fund from the Cafeteria Non-Major Governmental Fund for the reimbursement of payroll and indirect costs.

A balance of $4,051 is due to the General Fund from the Capital Facilties Non-Major Governmental Fund for the reimbursement of capital outlay projects.

The balance of $2,662,621 is due to the General Fund from the Internal Service Fund for the reimbursement of operating costs.

A balance of $63,392 is due to the Child Development Non-Major Governmental Fund from the General Fund for the reimbursement of operating costs.

A balance of $45,918 is due to the Cafeteria Non-Major Governmental Fund from the General Fund for the reimbursement of operating costs.

A balance of $3,653,550 is due to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects from the General Fund for capital project reserve.

A balance of $2,562,898 is due to the Internal Service Fund from the General Fund for charges for workers' compensation insurance.

A balance of $1,949,756 is due to the Internal Service Fund from the General Fund for a contribution for net other postemployment benefits (OPEB) liability.

Operating Transfers

Interfund transfers for the year ended June 30, 2020, consisted of the following:

Transfer To	Transfers From General Fund	Transfers From Non-Major Governmental Funds	Total
General Fund	$ -	$ 2,287,535	$ 2,287,535
Non-Major Governmental Funds	1,891,854	-	1,891,854
Internal Service Fund	1,100,000	-	1,100,000
Total	$ 2,991,854	$ 2,287,535	$ 5,279,389

The Special Reserve Non-Major Governmental Fund for Capital Outlay projects transferred to the General Fund for capital project reserves, redevelopment funds, and technology project reserves.	$ 2,287,535
The General Fund transferred to the Child Development Non-Major Governmental Fund to reimburse for operating costs.	63,392
The General Fund transferred redevelopment funds and planned technology and facilities transfer to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for future capital outlay projects.	1,828,462
The General Fund transferred to the Internal Service Fund for property and liability claims.	1,100,000
	$ 5,279,389

Note 6 - Accounts Payable

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

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities
Salaries and benefits	$ 17,061,761	$ -	$ 316,180	$ -	$ 17,377,941
LCFF apportionment	10,696,434	-	-	-	10,696,434
Supplies	3,606,673	-	277,740	-	3,884,413
Services	2,490,368	133,868	116,214	47,074	2,787,524
Capital outlay	951,043	811,346	1,273,688	-	3,036,077
Other vendor payables	635,044	-	90,450	-	725,494
Total	$ 35,441,323	$ 945,214	$ 2,074,272	$ 47,074	$ 38,507,883

Note 7 - Unearned Revenue

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

	General Fund
Federal financial assistance	$ 467,979

Note 8 - Long-term liabilities other than OPEB and Pensions

Summary

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

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Due in One Year
General obligation bonds	$ 128,461,905	$ 759,075	$ (23,245,000)	$ 105,975,980	$ 5,035,000
Unamortized premium	9,234,861	-	(522,107)	8,712,754	-
Private placement debt - General obligation bonds	15,375,000	-	(1,220,000)	14,155,000	-
Compensated absences	3,157,383	-	(195,381)	2,962,002	-
Claims liability	807,098	49,009	(115,430)	740,677	228,496
SELF workers' compensation assessment	101,989	-	(25,515)	76,474	25,515
	$ 157,138,236	$ 808,084	$ (25,323,433)	$ 132,622,887	$ 5,289,011

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. The compensated absences are paid by the General Fund, Child Development Fund, Cafeteria Fund, Capital Facilities Fund, and the Internal Service Fund. Claims liability and the SELF workers' compensation assessment are paid by the Internal Service Fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	July 1, 2019	Accreted Interest	Redeemed	June 30, 2020
Series B	2006	8/1/2030	4.50-5.00%	$ 9,999,646	$ 2,016,613	$ 164,562	$ -	$ 2,181,175
Series C	2008	8/1/2032	4.50-8.90%	7,999,994	2,566,832	168,313	-	2,735,145
Series D	2009	8/1/2030	2.00-6.56%	4,100,263	5,378,460	426,200	(515,000)	5,289,660
Series D-1	2009	8/1/2034	6.13-6.68%	19,205,000	19,205,000	-	(19,205,000)	-
2016 Refunding	2016	8/1/2027	3.00-5.00%	4,280,000	4,000,000	-	(310,000)	3,690,000
2016 Refunding	2016	8/1/2034	2.50-5.00%	18,770,000	18,770,000	-	-	18,770,000
Series 2017A	2017	8/1/2046	2.00-5.00%	35,000,000	31,525,000	-	(3,215,000)	28,310,000
Series 2019B	2019	8/1/2048	4.00-5.00%	45,000,000	45,000,000	-	-	45,000,000
2013	2013	8/1/2027	3.25%	19,835,000	15,375,000	-	(1,220,000)	14,155,000
					$ 143,836,905	$ 759,075	$ (24,465,000)	$ 120,130,980

2002 General Obligation Bonds, Series B

In July 2006, the District issued the $9,999,646 Election of 2002 General Obligation Bonds, Series B. The Series B bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting to $3,840,354, and an aggregate principal debt service balance of $13,840,000. The bonds have a final maturity of August 1, 2030, with interest rates of 4.50 to 5.00 percent. The net proceeds from the sale of the bonds were used to fund the construction, renovation and repair of certain District facilities. In November 2013, proceeds from the 2013 General Obligation Refunding Bonds were used to refund a substantial portion of the debt obligations for the 2002 General Obligation Bonds, Series B. At June 30, 2020, the principal balance outstanding of the 2002 General Obligation Bonds, Series B was $2,181,175 and unamortized premium on issuance was $88,325.

2002 General Obligation Bonds, Series C

In February 2008, the District issued the $7,999,994 Election of 2002 General Obligation Bonds, Series C. The Series C bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting to $4,290,006, and an aggregate principal debt service balance of $12,290,000. The bonds have a final maturity of August 1, 2032, with interest rates of 4.50 to 8.90 percent. Proceeds from the sale of the bonds were used to finance the construction, renovation, repair and equipping of certain District facilities, and to pay the costs of issuing the bonds. In July 2016, proceeds from the 2016 General Obligation Refunding Bonds, Series A were used to refund a substantial portion of the debt obligations for the 2002 General Obligation Bonds, Series C. At June 30, 2020, the principal balance outstanding of the 2002 General Obligation Bonds, Series C was $2,735,145.

2002 General Obligation Bonds, Series D

In November 2009, the District issued the $4,100,263 Election of 2002 General Obligation Bonds, Series D. The Series D bonds were issued as both current interest bonds and capital appreciation bonds, with the value of the capital appreciation bonds accreting to $9,324,737, and an aggregate principal debt service balance of $13,425,000. The bonds have a final maturity of August 1, 2030, with interest rates of 2.00 to 6.56 percent. The net proceeds from the sale of the bonds were used to fund the construction, repair and equipping of certain District facilities, and to pay the costs of issuing the bonds. At June 30, 2020, the principal balance outstanding of the 2002 General Obligation Bonds, Series D was $5,289,660 and unamortized premium on issuance was $547,936.

2002 General Obligation Bonds, Series D-1

In November 2009, the District issued the $19,205,000 Election of 2002 General Obligation Bonds, Series D-1. The Series D-1 bonds were issued as current interest bonds. The bonds have a final maturity of August 1, 2034, with interest rates of 6.13 to 6.68 percent. Proceeds from the sale of the bonds were used to fund the construction, repair and equipping of certain District facilities, and to pay the costs of issuing the bonds. At June 30, 2020, the outstanding principal balance had been paid in full.

2016 General Obligation Refunding Bonds, Series A

In July 2016, the District issued the $4,280,000 2016 General Obligation Bonds, Series A. The 2016 General Obligation Refunding Bonds, Series A were issued as current interest bonds. The bonds have a final maturity of August 1, 2027, with interest rates of 3.00 to 5.00 percent. The net proceeds from the sale of the bonds were used to provide advance refunding of $4,700,000 in current interest bonds associated with the District's 2002 General Obligation Bonds, Series C that were issued in the amount of $7,999,994. At June 30, 2020, the principal balance outstanding of the 2016 General Obligation Refunding Bonds, Series A was $3,690,000 and unamortized premium on issuance and deferred charge on refunding were $420,752 and $111,494, respectively.

2016 General Obligation Refunding Bonds, Series B (2019 Crossover Refunding)

In July 2016, the District issued the $18,770,000 2016 General Obligation Bonds, Series B (2019 Crossover Refunding). The 2016 General Obligation Refunding Bonds, Series B (2019 Crossover Refunding) were issued as current interest bonds. The bonds have a final maturity of August 1, 2034, with interest rates of 2.50 to 5.00 percent. The net proceeds from the sale of the bonds were used to provide advance refunding on the August 1, 2019 crossover date of $19,205,000 in current interest bonds associated with the District's 2002 General Obligation Bonds, Series D-1 and to pay the cost of issuing the refunding bonds. At June 30, 2020, the principal balance outstanding of the 2016 General Obligation Refunding Bonds, Series B was $18,770,000 and unamortized premium on issuance and deferred charge on refunding were $1,859,066 and $278,177, respectively.

2016 General Obligation Bonds, Series 2017A

In March 2017, the District issued the $35,000,000 Election of 2016 General Obligation Bonds, Series 2017A. The Series 2017A bonds were issued as current interest bonds. The bonds have a final maturity of August 1, 2046, with interest rates of 2.00 to 5.00 percent. The net proceeds from the sale of the bonds will be used to finance the acquisition, construction, modernization and equipping of District sites and facilities, and to pay the costs of issuance of the bonds. At June 30, 2020, the principal balance outstanding of the 2016 General Obligation Bonds, Series 2017A was $28,310,000 and unamortized premium on issuance was $2,179,521.

2016 General Obligation Bonds, Series 2019B

In March 2019, the District issued the $45,000,000 Election of 2016 General Obligation Bonds, Series 2019B. The Series 2019B bonds were issued as current interest bonds. The bonds have a final maturity of August 1, 2048, with interest rates of 4.00 to 5.00 percent. The net proceeds from the sale of the bonds will be used to finance the acquisition, construction, modernization and equipping of District sites and facilities, and to pay the costs of issuance of the bonds. At June 30, 2020, the principal balance outstanding of the 2016 General Obligation Bonds, Series 2017A was $45,000,000 and unamortized premium on issuance was $3,617,154.

Private Placement Debt

2013 General Obligation Refunding Bonds

In November 2013, the District issued the $19,835,000 2013 General Obligation Refunding Bonds. The 2013 General Obligation Refunding Bonds were issued as current interest bonds under a negotiated purchase contract with the buyer. The bonds have a final maturity of August 1, 2027, with an interest rate of 3.25 percent. The net proceeds from the sale of the bonds were used to provide refunding of $18,845,000 in current interest bonds associated with the District’s 2002 General Obligation Bonds, Series A and 2002 General Obligation Bonds, Series B that were issued in the amount of $18,350,000 and $9,999,646, respectively. At June 30, 2020, the principal balance outstanding of the 2013 General Obligation Refunding Bonds was $14,155,000 and deferred charge on refunding was $493,589.

Debt Service Requirements to Maturity – Includes Private Placement Debt

The General Obligation Bonds mature through 2049 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Current Interest to Maturity	Accreted Interest	Total
2021	$ 5,035,000	$ 4,501,963	$ -	$ 9,536,963
2022	3,270,000	4,339,606	-	7,609,606
2023	3,715,000	4,207,881	-	7,922,881
2024	4,170,000	4,063,850	-	8,233,850
2025	4,680,000	3,894,394	-	8,574,394
2026-2030	16,372,490	17,903,975	4,497,510	38,773,975
2031-2035	25,283,490	15,583,016	6,386,510	47,253,016
2036-2040	12,630,000	11,867,287	-	24,497,287
2041-2045	18,950,000	7,708,700	-	26,658,700
2046-2049	26,025,000	1,871,300	-	27,896,300
Total	$ 120,130,980	$ 75,941,972	$ 10,884,020	$ 206,956,972

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2020, amounted to $2,962,002.

Claims Liability

The District is self-insured against claims for workers' compensation injuries, and property and liability claims. The liability as of June 30, 2020, totaling $740,677 is made of $342,582 for the claims obligation for the workers' compensation program as established by an actuarial study performed by a third party and $398,095 for the claims obligation established for the property and liability insurance program based on an estimate of claims outstanding at year end.

Workers' Compensation Assessment

The District was a member of School Excess Liability Fund (SELF), a cost sharing Joint Powers Authority (JPA) for the purpose of providing the District excess workers' compensation insurance, The SELF board of directors declared an entity assessment to the member districts. At June 30, 2020, the District's outstanding obligation for their pro-rata share of equity assessed was $76,474.

Note 9 - Net Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2020, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plans	$ 48,256,103	$ 175,050	$ 3,517,834	$ 2,738,387
Medicare Premium Payment (MPP) Program	1,430,902	-	-	(35,601)
Total	$ 49,687,005	$ 175,050	$ 3,517,834	$ 2,702,786

The details of each plan are as follows:

District Plans

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
General Trust	$ 47,337,298	$ 171,793	$ 3,478,217	$ 3,158,922
Grantor Trust	874,188	716	39,617	(152,200)
Board of Trustees	44,617	2,541	-	(268,335)
Total	$ 48,256,103	$ 175,050	$ 3,517,834	$ 2,738,387

Plan Administration

The Public Agency Retirement Services (PARS) administers the Ontario-Montclair School District's Postemployment Benefits Plans (the Plans). The Plans are a single-employer defined benefit plans that are used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses.

Financial information for PARS can be found on the PARS website at: http://www.pars.org/.

Plans Membership

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

Inactive employees or beneficiaries currently receiving benefits payments	162
Active employees	2,097
	2,259

Benefits Provided

The Plans provide 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 Plans. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The contribution requirements of the Plans members and the District are established and may be amended by the District, the Ontario-Montclair Teachers Association (OMTA), the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements with the District, OMTA, CSEA, and the unrepresented groups. For the measurement period of June 30, 2020, the District contributed $2,205,050 to the Plans, all of which was used for current benefits.

Net OPEB Liability of the District

The District's net OPEB liability of $48,256,103 was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of the net OPEB liability of the District at June 30, 2020, were as follows:

Total OPEB liability	$ 58,469,129
Plan fiduciary net position	(10,213,026)
District's net OPEB liability	$ 48,256,103
Plan fiduciary net position as a percentage of the total OPEB liability	17.47%

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

General Trust		
Inflation	2.75	percent
Salary increases	2.75	percent, average, including inflation
Investment rate of return	3.40	percent, net of OPEB plan investment expense, including inflation
Health care cost trend rates	4.00	percent for 2020

The discount rate was based on the real rate of return expected for plan assets plus long term inflation assumption.

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

Grantor Trust		
Inflation	2.75	percent
Salary increases	2.75	percent, average, including inflation
Investment rate of return	5.00	percent, net of OPEB plan investment expense, including inflation
Health care cost trend rates	4.00	percent for 2020

The discount rate was based on the real rate of return expected for plan assets plus long term inflation assumption.

Mortality rates were based on the 2017 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

Board of Trustees		
Inflation	2.75	percent
Salary increases	2.75	percent, average, including inflation
Discount rate	2.20	percent
Health care cost trend rates	4.00	percent for 2020

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality rates were based on the 2017 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

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

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2019	$ 58,956,836	$ 10,096,336	$ 48,860,500
Service cost	4,807,935	-	4,807,935
Interest	2,189,246	-	2,189,246
Differences between expected and actual experience	(2,608,975)	-	(2,608,975)
Contributions-employer	-	2,205,050	(2,205,050)
Net investment income	-	174,650	(174,650)
Changes of assumptions or other inputs	(2,661,499)	-	(2,661,499)
Benefit payments	(2,214,414)	(2,205,050)	(9,364)
Administrative expense	-	(57,960)	57,960
Net change in total OPEB liability	(487,707)	116,690	(604,397)
Balance at June 30, 2020	$ 58,469,129	$ 10,213,026	$ 48,256,103

There were no changes in benefits terms from 2019 to 2020.

Changes of assumptions and other inputs reflect the following:

- The General Trust plan rate of investment return assumption was changed from 3.60 percent to 3.40 percent since the previous valuation. The Board of Trustees plan discount rate changed from 3.50 percent to 2.20 percent since the previous valuation.

- The General Trust plan and Board of Trustees plan reflect a change in the implicit rate subsidy from 49.60 percent to 47.90 percent since the previous valuation.

- Mortality rates in 2019 were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. These rates were updated in 2020 to reflect the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees.

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

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

General Trust - Discount Rate	Net OPEB Liability
1% decrease (2.40%)	$ 51,583,365
Current discount rate (3.40%)	47,337,298
1% increase (4.40%)	43,302,643

Grantor Trust - Discount Rate	Net OPEB Liability
1% decrease (4.00%)	$ 1,000,762
Current discount rate (5.00%)	874,188
1% increase (6.00%)	765,475

Board of Trustees - Discount Rate	Total OPEB Liability
1% decrease (1.20%)	$ 48,467
Current discount rate (2.20%)	44,617
1% increase (3.20%)	41,246

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

The following presents the net OPEB liability of the District, as well as what the District's net 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	Net OPEB Liability
1% decrease (3.00%)	$ 41,684,471
Current healthcare cost trend rate (4.00%)	48,256,103
1% increase (5.00%)	55,973,274

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

For the year ended June 30, 2020, the District recognized OPEB expense of $2,738,387. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	General Trust	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 2,002,847
Changes of assumptions	-	1,475,370
Net difference between projected and actual earnings on OPEB plan investments	171,793	-
Total	$ 171,793	$ 3,478,217

	Grantor Trust	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 39,617
Changes of assumptions	498	-
Net difference between projected and actual earnings on OPEB plan investments	218	-
Total	$ 716	$ 39,617

	Board of Trustees	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 2,541	$ -

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ (267,195)
2022	(228,076)
2023	(228,076)
2024	(172,069)
2025	(257,077)
Thereafter	(2,190,291)
	$ (3,342,784)

Medicare Premium Payment (MPP) Program

Plan Description

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

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

Net OPEB Liability and OPEB Expense

At June 30, 2020, the District reported a liability of $1,430,902 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2019 and June 30, 2018, respectively, was 0.3842 percent, and 0.3831 percent, resulting in a net increase in the proportionate share of 0.0011 percent.

For the year ended June 30, 2020, the District recognized OPEB expense of $(35,601).

Actuarial Methods and Assumptions

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

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

For the valuation as of June 30, 2018, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 380 or an average of 0.23 percent of the potentially eligible population (165,422).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2019, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2019, is 3.50 percent. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.50 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2019, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.37 percent from 3.87 percent as of June 30, 2018.

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

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

Discount Rate	Net OPEB Liability
1% decrease (2.50%)	$ 1,561,442
Current discount rate (3.50%)	1,430,902
1% increase (4.50%)	1,310,878

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

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (2.70% Part A and 3.10% Part B)	$ 1,341,183
Current Medicare costs trend rate (3.70% Part A and 4.10% Part B)	1,430,902
1% increase (4.70% Part A and 5.10% Part B)	1,610,113

Note 10 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	$ 75,000	$ -	$ 36,550	$ 111,550
Stores inventories	344,745	-	443,096	787,841
Prepaid expenditures	273,712	-	-	273,712
Total nonspendable	693,457	-	479,646	1,173,103
Restricted				
Legally restricted programs	4,367,313	-	4,867,426	9,234,739
Other restrictions - pension trust	7,084,271	-	-	7,084,271
Capital projects	-	30,799,317	4,444,241	35,243,558
Debt services	-	-	10,566,242	10,566,242
Total restricted	11,451,584	30,799,317	19,877,909	62,128,810
Committed				
Deferred maintenance program	-	-	254	254
Assigned				
Board policy reserve	38,131,251	-	-	38,131,251
Targeted program carryover	160,563	-	-	160,563
Classified professional growth	41,602	-	-	41,602
Site discretionary carryover	3,978,370	-	-	3,978,370
Site donations	239,870	-	-	239,870
California academic standards implementation	1,404,495	-	-	1,404,495
Certified teacher initiated funds	15,815	-	-	15,815
Textbook adoption reserve	4,964,297	-	-	4,964,297
Post employment benefits liability	8,423,873	-	-	8,423,873
PARS plan liability	3,006,886	-	-	3,006,886
Pension reserve	2,892,400	-	-	2,892,400
Facilities and deferred maintenance	7,789	-	-	7,789
Preschool reserve	-	-	142,346	142,346
Capital projects	-	-	17,137,221	17,137,221
Total assigned	63,267,211	-	17,279,567	80,546,778
Unassigned				
Reserve for economic uncertainties	8,481,939	-	-	8,481,939
Total	$ 83,894,191	$ 30,799,317	$ 37,637,376	$ 152,330,884

Note 11 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. To mitigate this potential loss, the District has established an Internal Service Fund to account for and finance its uninsured risks of loss for property and liability coverage. Under this program, the Internal Service Fund provides coverage for up to a maximum of $50,000 for each general liability claim and $25,000 for each property damage claim. During fiscal year ending June 30, 2020, the District participated in the Alliance of Schools for Cooperative Insurance Programs (ASCIP), a public entity risk pool, for property and liability insurance coverage in excess of self-insured limits. Settled claims have not exceeded the insured coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year. In addition, the District purchases commercial insurance for property and liability claims in excess of coverage provided by the Internal Service Fund and for all other risks of loss.

Workers' Compensation

The District's workers' compensation risks are financed on a combination of self-insured and risk transfer basis.

In the current fiscal year, the District participated in Alliance of Schools for Cooperative Insurance Programs (ASCIP) joint powers agency. The intent of which is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in ASCIP. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all participants. Each participant pays its workers' compensation premium based on its individual rate. Participation in ASCIP is limited to districts that can meet ASCIP's selection criteria.

In prior years, the District established a fund to self-insure itself for workers' compensation coverage. The workers' compensation experience of the District was calculated and applied to a premium rate, which was utilized to charge funds for the administration of the program. Activity and related claims liability for these claims is recorded in an Internal Service Fund.

Employee Medical Benefits

The District has contracted with Southern California Employee Benefit Association (SCEBA) to provide employee medical and surgical benefits. Dental and vision coverage is provided through the purchase of commercial insurance. The District provides benefits to District employees electing to participate in the plan by paying a premium based on the number of employees participating in the plan.

Claims Liabilities

The District records an estimated liability for indemnity torts and other claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience.

Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2018 to June 30, 2020:

	Workers' Compensation	Property and Liability	Total
Liability Balance, June 30, 2018	$ 488,052	$ -	$ 488,052
Claims and changes in estimates	(102,944)	759,474	656,530
Claims payments	(149,408)	(188,076)	(337,484)
Liability Balance, June 30, 2019	235,700	571,398	807,098
Claims and changes in estimates	124,274	(75,265)	49,009
Claims payments	(17,392)	(98,038)	(115,430)
Liability Balance, June 30, 2020	$ 342,582	$ 398,095	$ 740,677
Assets available to pay claims at June 30, 2020	$ 2,140,005	$ 500,321	$ 2,640,326

Note 12 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2020, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 196,172,158	$ 53,782,419	$ 21,862,227	$ 23,965,848
CalPERS	93,775,316	21,202,866	2,609,123	15,224,321
Total	$ 289,947,474	$ 74,985,285	$ 24,471,350	$ 39,190,169

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

The STRP provisions and benefits in effect at June 30, 2020, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	17.10%	17.10%
Required State contribution rate	10.328%	10.328%

Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the District's total contributions were $20,364,827.

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

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total Net Pension Liability, Including State Share:	
District's proportionate share of net pension liability	$ 196,172,158
State's proportionate share of the net pension liability associated with the District	107,025,009
Total	$ 303,197,167

The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2019 and June 30, 2018, respectively, was 0.2172 percent and 0.2135 percent, resulting in a net increase in the proportionate share of 0.0037 percent.

For the year ended June 30, 2020, the District recognized pension expense of $23,965,848. In addition, the District recognized pension expense and revenue of $15,938,332 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 20,364,827	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	8,110,871	8,777,712
Differences between projected and actual earnings on pension plan investments	-	7,556,612
Differences between expected and actual experience in the measurement of the total pension liability	495,231	5,527,903
Changes of assumptions	24,811,490	-
Total	$ 53,782,419	$ 21,862,227

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ (762,214)
2022	(5,999,060)
2023	(1,245,499)
2023	450,161
Total	$ (7,556,612)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 5,943,968
2022	5,943,969
2023	3,524,230
2024	4,435,938
2025	(571,819)
Thereafter	(164,309)
Total	$ 19,111,977

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2018 and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2019, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	4.8%
Fixed income	12%	1.3%
Real estate	13%	3.6%
Private equity	13%	6.3%
Risk mitigating strategies	9%	1.8%
Inflation sensitive	4%	3.3%
Cash/liquidity	2%	-0.4%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 292,116,582
Current discount rate (7.10%)	196,172,158
1% increase (8.10%)	116,615,959

California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2018 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2020, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	7.000%
Required employer contribution rate	19.721%	19.721%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the total District contributions were $9,023,964.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $93,775,316. The net pension liability was measured as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2019 and June 30, 2018, respectively, was 0.3218 percent and 0.3299 percent, resulting in a net decrease in the proportionate share of 0.0081 percent.

For the year ended June 30, 2020, the District recognized pension expense of $15,224,321. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 9,023,964	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	903,053	1,739,340
Differences between projected and actual earnings on pension plan investments	-	869,783
Differences between expected and actual experience in the measurement of the total pension liability	6,811,853	-
Changes of assumptions	4,463,996	-
Total	$ 21,202,866	$ 2,609,123

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 858,573
2022	(1,714,972)
2023	(259,882)
2024	246,498
Total	$ (869,783)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	$ 7,109,643
2022	2,739,572
2023	536,680
2024	53,667
Total	$ 10,439,562

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2018 and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

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

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

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

Discount Rate

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

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

Discount rate	Net Pension Liability
1% decrease (6.15%)	$ 135,170,952
Current discount rate (7.15%)	93,775,316
1% increase (8.15%)	59,434,777

Alternative Retirement Program

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 or an alternative plan. The District has elected to use the Public Agency Retirement System (PARS) to act as their administrators and Union Bank of California to act as trustee and investment manager for the District's alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 3.75 percent of an employee's gross earnings. An employee is required to contribute 3.75 percent of his or her gross earnings to the pension plan.

During the year, the District's required and actual contributions amounted to $141,009.

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 $11.179.103 (10.328 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been included in the calculation of available reserves and in the original budgeted amounts reported in the *General Fund - Budgetary Comparison Schedule*.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated an additional 2019–2020 contribution on-behalf of school employers of $1.1 billion for CalSTRS. A proportionate share of these contributions has been recorded in these financial statements.

Note 13 - Commitments and Contingencies

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2020.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2020.

Construction Commitments

As of June 30, 2020, the District had the following commitments with respect to unfinished capital projects:

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
Serrano MPR HVAC Replacement - AF65	$ 79,392	07/31/2020
Central Seismic Retrofit - AE96	929,877	08/31/2020
Euclid Seismic Retrofit - AE96	209,777	08/31/2020
Wiltsey Seismic Retrofit - AE96	4,240	08/31/2020
Serrano Seismic Retrofit - AE96	9,736	08/31/2020
De Anza Site Improvements - K001	374,180	08/31/2020
De Anza Locker Room Upgrades - K009	780,945	08/31/2020
Euclid to LV Relocatable CR - AF84	201,437	09/30/2020
Euclid Field/Playground Improvements - AF71	1,213,544	12/31/2020
Berlyn Modernization - K004	160,971	12/31/2020
De Anza MS Modernization - K009	11,220	12/31/2020
Del Norte Modernization - K010	361,863	12/31/2020
Hawthorne Modernization - K015	242,332	12/31/2020
Phase V Perimeter Fencing Upgrades - Linda Vista - K021	104,796	12/31/2020
Mariposa Modernization - K022	317,477	12/31/2020
Mission Modernization - K023	409,545	12/31/2020
Monte Vista Modernization - K024	227,957	12/31/2020
Sultana Modernization - K030	335,788	12/31/2020
Vina Danks MS Modernization - K032	2,507,724	12/31/2020
Serrano MS WATC - K036	12,616,911	12/31/2020
Wiltsey MS WATC - K038	12,614,723	12/31/2020
Central Parking Lot Expansion - AF72	1,588,180	03/31/2021
De Anza WATC - K001	13,662	03/31/2021
Vista Grande Modernization - K034	209,817	03/31/2021
Mariposa ADA Ramp - AF50	397,787	06/30/2021
Howard Modernization - K017	544,983	06/30/2021
Lehigh Modernization - K019	1,833,711	10/31/2021
El Camino Parking Lot - AF92	432,688	08/01/2022
Vina Danks Classroom Relocations - AF95	1,143,100	08/01/2022
Vina Danks Seismic Retrofit - AE96	8,205,950	12/31/2024
Tiburon Telecommunications - AE88	1,000,000	TBD
IS Office Improvements - AF73	80,263	TBD
	$ 49,164,576	

Note 14 - Participation in Public Entity Risk Pools and Joint Power Authorities

The District participates in the following public entity risk pools. The Alliance of Schools for Cooperative Insurance Programs (ASCIP) provides property and liability insurance and workers' compensation coverage. The District participates in the Southern California Schools Employee Benefit Association (SCSEBA) for health benefits coverage. Annual premiums are paid to each JPA.

For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

During the year ended June 30, 2020, the District made payments of $27,433,495 and $4,255,394 to SCSEBA and ASCIP, respectively.

Note 15 - Subsequent Events

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

Required Supplementary Information
June 30, 2020

Ontario-Montclair School District

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final	(GAAP Basis)	Final to Actual
Revenues				
Local Control Funding Formula	$ 219,200,834	$ 219,337,569	$ 219,337,569	$ -
Federal sources	16,200,968	19,614,811	15,272,894	(4,341,917)
Other State sources	32,151,326	39,434,315	39,433,792	(523)
Other local sources	3,625,067	5,018,954	7,989,725	2,970,771
Total revenues [1]	271,178,195	283,405,649	282,033,980	(1,371,669)
Expenditures				
Current				
Certificated salaries	120,629,465	122,919,734	121,653,333	1,266,401
Classified salaries	41,743,687	43,784,237	42,614,831	1,169,406
Employee benefits	71,527,771	77,372,437	76,404,339	968,098
Books and supplies	8,629,246	16,075,214	11,958,709	4,116,505
Services and operating expenditures	26,686,938	25,287,229	23,533,747	1,753,482
Other outgo	(274,919)	(502,793)	(432,763)	(70,030)
Capital outlay	1,073,728	4,018,739	4,007,236	11,503
Total expenditures [1]	270,015,916	288,954,797	279,739,432	9,215,365
Excess (Deficiency) of Revenues over Expenditures	1,162,279	(5,549,148)	2,294,548	(7,843,696)
Other Financing Sources (Uses)				
Transfers in	131,694	2,419,229	2,287,535	(131,694)
Transfers out	(2,086,208)	(2,991,854)	(2,991,854)	-
Net financing sources (uses)	(1,954,514)	(572,625)	(704,319)	(131,694)
Net Change in Fund Balance	(792,235)	(6,121,773)	1,590,229	(7,712,002)
Fund Balance - Beginning	82,303,962	82,303,962	82,303,962	-
Fund Balance - Ending	$ 81,511,727	$ 76,182,189	$ 83,894,191	$ (7,712,002)

[1] Due to the consolidation of Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, and Fund 20, Special Reserve Fund for Postemployment Benefits 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.

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 4,807,935	$ 4,452,642	$ 4,333,471
Interest	2,189,246	1,986,677	1,977,000
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(2,608,975)	-	-
Changes of assumptions	(2,661,499)	1,184,177	-
Benefit payments	(2,214,414)	(2,131,797)	(2,052,996)
Net change in total OPEB liability	(487,707)	5,491,699	4,257,475
Total OPEB liability - beginning	58,956,836	53,465,137	49,207,662
Total OPEB liability - ending (a)	$ 58,469,129	$ 58,956,836	$ 53,465,137
Plan Fiduciary Net Position			
Contributions - employer	$ 2,205,050	$ 2,122,812	$ 2,044,357
Net investment income	174,650	628,425	594,975
Benefit payments	(2,205,050)	(2,122,812)	(2,044,357)
Administrative expense	(57,960)	(102,432)	(73,248)
Net change in plan fiduciary net position	116,690	525,993	521,727
Plan fiduciary net position - beginning	10,096,336	9,570,343	9,048,616
Plan fiduciary net position - ending (b)	$ 10,213,026	$ 10,096,336	$ 9,570,343
District's net OPEB liability - ending (a) - (b)	$ 48,256,103	$ 48,860,500	$ 43,894,794
Plan fiduciary net position as a percentage of the total OPEB liability	17.47%	17.12%	17.90%
Covered-employee payroll	N/A[1]	N/A[1]	N/A[1]
District's net OPEB liability as a percentage of covered-employee payroll	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018

[1] The District's OPEB Plan is administered through a trust; however the contributions to the trust are not based on a measure of pay. Therefore, no measure of payroll is presented.

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

Year ended June 30,	2020	2019	2018
District's proportion of the net OPEB liability	0.3842%	0.3831%	0.3925%
District's proportionate share of the net OPEB liability	$ 1,430,902	$ 1,466,503	$ 1,651,288
District's covered-employee payroll	N/A[1]	N/A[1]	N/A[1]
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

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

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

	2020	2019	2018	2017	2016	2015
CalSTRS						
District's proportion of the net pension liability	0.2172%	0.2135%	0.2168%	0.2289%	0.2340%	0.2068%
District's proportionate share of the net pension liability	$ 196,172,158	$ 196,180,406	$ 200,497,590	$ 185,121,927	$ 157,517,723	$ 120,833,772
State's proportionate share of the net pension liability associated with the District	107,025,009	112,322,458	118,612,680	105,386,611	83,309,511	72,964,648
Total	$ 303,197,167	$ 308,502,864	$ 319,110,270	$ 290,508,538	$ 240,827,234	$ 193,798,420
District's covered - employee payroll	$ 115,381,413	$ 115,359,369	$ 111,330,723	$ 109,833,607	$ 109,831,644	$ 102,526,352
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	170%	170%	180%	169%	143%	118%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS						
District's proportion of the net pension liability	0.3218%	0.3299%	0.3225%	0.3175%	0.3255%	0.2986%
District's proportionate share of the net pension liability	$ 93,775,316	$ 87,957,904	$ 76,990,174	$ 62,713,529	$ 47,986,310	$ 33,902,574
District's covered - employee payroll	$ 41,740,643	$ 43,384,805	$ 41,362,673	$ 37,662,725	$ 36,038,807	$ 31,433,076
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	225%	203%	186%	167%	133%	108%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2020	2019	2018	2017	2016	2015
CalSTRS						
Contractually required contribution	$ 20,364,827	$ 18,784,094	$ 16,646,357	$ 14,005,405	$ 11,785,146	$ 9,753,050
Contributions in relation to the contractually required contribution	20,364,827	18,784,094	16,646,357	14,005,405	11,785,146	9,753,050
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered - employee payroll	$ 119,092,556	$ 115,381,413	$ 115,359,369	$ 111,330,723	$ 109,833,607	$ 109,831,644
Contributions as a percentage of covered - employee payroll	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS						
Contractually required contribution	$ 9,023,964	$ 7,539,195	$ 6,738,094	$ 5,744,448	$ 4,461,903	$ 4,242,128
Contributions in relation to the contractually required contribution	9,023,964	7,539,195	6,738,094	5,744,448	4,461,903	4,242,128
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered - employee payroll	$ 45,758,146	$ 41,740,643	$ 43,384,805	$ 41,362,673	$ 37,662,725	$ 36,038,807
Contributions as a percentage of covered - employee payroll	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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

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

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

- *Change in Benefit Terms* – There were no changes in benefit terms.
- *Changes of Assumptions*
  - The General Trust plan rate of investment return assumption was changed from 3.60 percent to 3.40 percent since the previous valuation. The Board of Trustees plan discount rate changed from 3.50 percent to 2.20 percent since the previous valuation.
  - The General Trust plan and Board of Trustees plan reflect a change in the implicit rate subsidy from 49.60 percent to 47.90 percent since the previous valuation.
  - Mortality rates in 2019 were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. These rates were updated in 2020 to reflect the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees.

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

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

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 3.87 percent to 3.50 percent since the previous valuation.

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

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

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

Schedule of District Contributions

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

Supplementary Information
June 30, 2020

Ontario-Montclair School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed through the California Department of Education (CDE)			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	$ 8,373,621
Title II, Part A, Supporting Effective Instruction	84.367	14341	827,008
Title III, English Learner Student Program	84.365	14346	518,901
Title IV, Part A, Student Support and Academic Enrichment Grant	84.424	15396	474,298
Title IV, Part A, Student Support and Academic Enrichment Grant Program (SSAE)	84.424	15391	53,854
			528,152
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14349	212,714
Education for Homeless Children and Youth	84.196	14332	175,000
Early Intervention Grants	84.181	23761	31,105
Special Education (IDEA) Cluster:			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	4,198,461
Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	74,259
Preschool Grants, Part B, Sec 619 (Age 3-4-5)	84.173	13430	90,424
Preschool Grant Staff Development, Part B, Sec 619	84.173A	13431	1,329
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	240,384
Alternate Dispute Resolution, Part B, Sec 611	84.173A	13007	1,536
Subtotal Special Education (IDEA) Cluster			4,606,393
Total U.S. Department of Education			15,272,894
U.S. Department of Health and Human Services			
Passed through San Bernardino County Superintendent of Schools			
Child Care and Development Cluster			
Child Care Initiative Project/Resource & Referral Contracts	93.575	13942	20,199
Subtotal - Child Care Development Fund Program Cluster			20,199
Passed through County of San Bernardino Human Services System			
Head Start	93.600	14646	193,097
Total U.S. Department of Health and Human Services			213,296

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through the CDE			
Child Nutrition Cluster:			
National School Lunch Program	10.555	13396	$ 6,796,642
Especially Needy School Breakfast Program	10.553	13526	2,036,818
Food Distribution	10.555	13396	837,223
Seamless Summer Food Program	10.559	13004	1,794,148
Subtotal Child Nutrition Cluster			11,464,831
Child and Adult Care Food Program	10.558	13666	1,180,879
Fresh Fruit and Vegetable Program	10.582	14968	47,837
Total U.S. Department of Agriculture			12,693,547
Total Expenditures of Federal Awards			$ 28,179,737

Organization

The Ontario-Montclair School District was established in 1884 and consists of an area comprising approximately 26 square miles. The District operates 26 elementary schools, 6 middle schools, and 2 alternative programs. There were no boundary changes during the year.

Governing Board

MEMBER	OFFICE	TERM EXPIRES
Elvia M. Rivas	President	2022
Sarah S. Galvez	Vice President	2020
Kristin Brake	Clerk	2022
Sonia Alvarado	Member	2022
Alfonso Sanchez	Member	2020

Administration

Dr. James Q. Hammond	Superintendent
Phil Hillman	Chief Business Official
Hector Macias	Assistant Superintendent, Human Resources
Tammy Lipschultz	Assistant Superintendent, Learning and Teaching

	Final Report	
	Second Period Report 662A15D7	Annual Report 0C73DD39
Regular ADA		
Transitional kindergarten through third	8,409.17	8,409.17
Fourth through sixth	6,716.98	6,716.98
Seventh and eighth	4,206.68	4,206.68
Total regular ADA	19,332.83	19,332.83
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	13.32	13.32
Fourth through sixth	25.14	25.14
Seventh and eighth	15.71	15.71
Total special education, nonpublic, nonsectarian schools	54.17	54.17
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.17	0.17
Fourth through sixth	1.89	1.89
Seventh and eighth	0.78	0.78
Total extended year special education, Nonpublic, nonsectarian schools	2.84	2.84
Total ADA	19,389.84	19,389.84

Grade Level	1986-1987 Minutes Requirement	2019-2020 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	40,080	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		54,970	180	N/A	Complied
Grade 2		54,970	180	N/A	Complied
Grade 3		54,970	180	N/A	Complied
Grades 4 - 8	54,000				
Grade 4		56,935	180	N/A	Complied
Grade 5		56,935	180	N/A	Complied
Grade 6		56,935	180	N/A	Complied
Grade 7		56,935	180	N/A	Complied
Grade 8		56,935	180	N/A	Complied

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

	(Budget) 2021 [1]	2020	2019	2018
General Fund [3]				
Revenues	$ 303,091,693	$ 281,199,197	$ 288,112,075	$ 266,703,541
Other sources and transfers in	131,694	2,419,229	7,713,340	4,018,127
Total revenues and other sources	303,223,387	283,618,426	295,825,415	270,721,668
Expenditures	307,734,724	279,739,432	281,468,496	268,430,124
Other uses and transfers out	1,873,406	2,991,854	11,933,243	10,366,249
Total expenditures and other uses	309,608,130	282,731,286	293,401,739	278,796,373
Increase (Decrease) in Fund Balance	$ (6,384,743)	$ 887,140	$ 2,423,676	$ (8,074,705)
Ending Fund Balance	$ 51,129,931	$ 57,514,674	$ 56,627,534	$ 54,203,858
Available Reserves [2]	$ 9,288,245	8,481,939	8,802,053	$ 8,364,051
Available Reserves as a Percentage of Total Outgo	3.0%	3.1%	3.1%	3.0%
Long-Term Liabilities including OPEB and Pensions	N/A	$ 472,257,366	$ 491,603,549	$ 435,769,740
K-12 Average Daily Attendance at P-2	19,390	19,390	19,844	20,332

The General Fund balance has increase by $3,310,121 over the past two years. The fiscal year 2020-2021 budget projects a decrease of $6,384,743 (11.1 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years, but anticipates incurring an operating deficit during the 2020-2021 fiscal year. Total long-term liabilities have increased by $36,487,626 over the past two years.

Average daily attendance has decreased by 942 over the past two years. No change in ADA is anticipated during fiscal year 2020-2021.

[1] Budget 2021 is included for analytical purposes only and has not been subjected to audit.

[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund and the Special Reserve Fund for Other Than Capital Outlay Projects.

[3] General Fund amounts do not include activity related to the consolidation of Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, and Fund 20, Special Reserve Fund for Postemployment Benefits, as required by GASB Statement No. 54

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund
Assets					
Deposits and investments	$ 541,898	$ 3,660,911	$ 252	$ 5,630,553	$ 48,805
Receivables	465,693	2,802,809	2	29,352	208
Due from other funds	63,392	45,918	-	-	-
Stores inventories	-	443,096	-	-	-
Total assets	$ 1,070,983	$ 6,952,734	$ 254	$ 5,659,905	$ 49,013
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 215,409	$ 562,121	$ -	$ 1,260,626	$ -
Due to other funds	667,755	1,089,014	-	4,051	-
Total liabilities	883,164	1,651,135	-	1,264,677	-
Fund balances					
Nonspendable	-	479,646	-	-	-
Restricted	45,473	4,821,953	-	4,395,228	49,013
Committed	-	-	254	-	-
Assigned	142,346	-	-	-	-
Total fund balances	187,819	5,301,599	254	4,395,228	49,013
Total liabilities and fund balances	$ 1,070,983	$ 6,952,734	$ 254	$ 5,659,905	$ 49,013

	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Debt Service Fund	Total Non-Major Governmental Funds
Assets				
Deposits and investments	$ 13,433,098	$ 10,566,242	$ -	$ 33,881,759
Receivables	86,689	-	-	3,384,753
Due from other funds	3,653,550	-	-	3,762,860
Stores inventories	-	-	-	443,096
Total assets	$ 17,173,337	$ 10,566,242	$ -	$ 41,472,468
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 36,116	$ -	$ -	$ 2,074,272
Due to other funds	-	-	-	1,760,820
Total liabilities	36,116	-	-	3,835,092
Fund balances				
Nonspendable	-	-	-	479,646
Restricted	-	10,566,242	-	19,877,909
Committed	-	-	-	254
Assigned	17,137,221	-	-	17,279,567
Total fund balances	17,137,221	10,566,242	-	37,637,376
Total liabilities and fund balances	$ 17,173,337	$ 10,566,242	$ -	$ 41,472,468

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund
Revenues					
Federal sources	$ 213,296	$ 12,693,547	$ -	$ -	$ -
Other state sources	3,324,279	851,238	-	-	-
Other local sources	76,143	321,931	6	1,130,881	21,460
Total revenues	3,613,718	13,866,716	6	1,130,881	21,460
Expenditures					
Current					
Instruction	3,067,509	-	-	-	-
Instruction-related activities					
Supervision of instruction	274,079	-	-	-	-
School site administration	154,438	-	-	-	-
Pupil services					
Food services	-	13,813,234	-	-	-
All other pupil services	19,426	-	-	-	-
Administration					
All other administration	244,743	744,064	-	18,671	-
Plant services	2,264	719,258	-	25,396	123,669
Facility acquisition and construction	-	-	-	1,550,621	1,355,867
Debt service					
Principal	-	-	-	-	-
Interest and other	-	-	-	-	-
Total expenditures	3,762,459	15,276,556	-	1,594,688	1,479,536
Excess (Deficiency) of Revenues over Expenditures	(148,741)	(1,409,840)	6	(463,807)	(1,458,076)
Other Financing Sources (Uses)					
Transfers in	63,392	-	-	-	-
Transfers out	-	-	-	-	-
Other uses - payment to refunded bond escrow agent	-	-	-	-	-
Net financing sources (uses)	63,392	-	-	-	-
Net Change in Fund Balances	(85,349)	(1,409,840)	6	(463,807)	(1,458,076)
Fund Balances - Beginning	273,168	6,711,439	248	4,859,035	1,507,089
Fund Balances - Ending	$ 187,819	$ 5,301,599	$ 254	$ 4,395,228	$ 49,013

	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Debt Service Fund	Total Non-Major Governmental Funds
Revenues				
Federal sources	$ -	$ -	$ -	$ 12,906,843
Other state sources	-	43,205	-	4,218,722
Other local sources	327,501	7,242,296	-	9,120,218
Total revenues	327,501	7,285,501	-	26,245,783
Expenditures				
Current				
Instruction	-	-	-	3,067,509
Instruction-related activities				
Supervision of instruction	-	-	-	274,079
School site administration	-	-	-	154,438
Pupil services				
Food services	-	-	-	13,813,234
All other pupil services	-	-	-	19,426
Administration				
All other administration	-	-	-	1,007,478
Plant services	6,482	-	-	877,069
Facility acquisition and construction	377,229	-	-	3,283,717
Debt service				
Principal	-	5,260,000	-	5,260,000
Interest and other	-	4,758,005	365,212	5,123,217
Total expenditures	383,711	10,018,005	365,212	32,880,167
Excess (Deficiency) of Revenues over Expenditures	(56,210)	(2,732,504)	(365,212)	(6,634,384)
Other Financing Sources (Uses)				
Transfers in	1,828,462	-	-	1,891,854
Transfers out	(2,287,535)	-	-	(2,287,535)
Other uses - payment to refunded bond escrow agent	-	-	(19,499,540)	(19,499,540)
Net financing sources (uses)	(459,073)	-	(19,499,540)	(19,895,221)
Net Change in Fund Balances	(515,283)	(2,732,504)	(19,864,752)	(26,529,605)
Fund Balances - Beginning	17,652,504	13,298,746	19,864,752	64,166,981
Fund Balances - Ending	$ 17,137,221	$ 10,566,242	$ -	$ 37,637,376

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 Ontario-Montclair School District (the District) under programs of the federal government for the year ended June 30, 2020. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Ontario-Montclair School District, it is not intended to and does not present the net position of Ontario-Montclair 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 this schedule at the fair market value of the commodities received and disbursed. At June 30, 2020, the District had insignificant food commodity balances in inventory.

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Due to school closures caused by COVID-19, the District filed the COVID-19 School Closure Certification certifying that schools were closed for 44 days due to the pandemic. As a result, the District received credit for these 44 days in meeting the annual instructional days requirement. In addition, planned minutes covered by the COVID-19 School Certification were included in the Actual Minutes column but were not actually offered due to the COVID-19 school closure.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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

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

Independent Auditor's Reports
June 30, 2020

Ontario-Montclair School District

CPAs & BUSINESS ADVISORS

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

To the Board of Directors
Ontario-Montclair School District
Ontario, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ontario-Montclair School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Ontario-Montclair School District's basic financial statements and have issued our report thereon dated January 15, 2021.

Internal Control over Financial Reporting

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

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

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

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

We noted certain matters that we reported to management of Ontario-Montclair School District in a separate letter dated January 15, 2021.

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

Eide Bailly LLP

Rancho Cucamonga, California
January 15, 2021

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

To the Board of Directors
Ontario-Montclair School District
Ontario, California

Report on Compliance for Each Major Federal Program
We have audited Ontario-Montclair School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Ontario-Montclair School District's major federal programs for the year ended June 30, 2020. Ontario-Montclair School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for each of Ontario-Montclair School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Ontario-Montclair School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Ontario-Montclair School District's compliance.

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Opinion on Each Major Federal Program
In our opinion, Ontario-Montclair School District's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

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

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
January 15, 2021

Independent Auditor's Report on State Compliance

To the Board of Directors
Ontario-Montclair School District
Ontario, California

Report on State Compliance
We have audited Ontario-Montclair School District's (the District) compliance with the types of compliance requirements described in the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2020.

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

Auditor's Responsibility
Our responsibility is to express an opinion on the District's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

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

We did not perform procedures for Independent Study because the program is not offered by the District.

We did not perform Continuation Education procedures because the program is not offered by the District.

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

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

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

We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the District.

We did not perform District of Choice procedures because the program is not offered by the District.

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

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

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

Basis for Qualified Opinion on After School Education and Safety
As described in the accompanying Schedule of State Compliance Findings and Questioned Costs as item 2020-001, Ontario-Montclair School District did not comply with requirements regarding After School Education and Safety. Compliance with such requirements is necessary, in our opinion, for Ontario-Montclair School District to comply with the requirements referred to above.

Qualified Opinion on After School Education and Safety
In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Ontario-Montclair School District complied, in all material respects, with the compliance requirements referred to above for the year ended June 30, 2020.

Ontario-Montclair School District‘s response to the noncompliance finding(s) identified in our audit is(are) described in the accompanying Schedule of State Compliance Findings and Questioned Costs. Ontario-Montclair School District‘s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Unmodified Opinion on Each of the Other Programs
In our opinion, Ontario-Montclair School District complied with the laws and regulations of the state programs referred to above for the year ended June 30, 2020, except as described in the accompanying Schedule of State Compliance Findings and Questioned Costs.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
January 15, 2021

Schedule of Findings and Questioned Costs
June 30, 2020

Ontario-Montclair School District

FINANCIAL STATEMENTS

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

Identification of major programs:

Name of Federal Program or Cluster	CFDA Numbers
Special Education (IDEA) Cluster	84.027, 84.027A, 84.173, 84.173A
Child Nutrition Cluster	10.553, 10.555, 10.559
Child and Adult Care Food Program	10.558

Dollar threshold used to distinguish between Type A and Type B programs:	$845,392
Auditee qualified as low-risk auditee?	Yes

STATE COMPLIANCE

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

Unmodified* for all programs except for the following program which was qualified:

Name of Program
After School Education and Safety

None reported.

None reported.

The following finding represents an instance of noncompliance and/or questioned costs relating to compliance with state laws and regulations. The finding has been coded as follows:

Five Digit Code	AB 3627 Finding Type
40000	State Compliance

2020-001 40000

Criteria or Specific Requirements

According to the California Education Code Section 8483a(2), it is the intent of the Legislature that elementary and middle school or junior high school pupils participate in the full day of the program every day during which pupils participate, except as allowed by the early release policy.

Condition

While verifying the total students served at Monte Vista Elementary School for the month of December 2019, the auditor noted instances where students were signed out early without documenting the reason for early release or late arrival. Since the reason for early release was not documented, it could not be determined if the early release was consistent with the early release policy.

Additionally, in reviewing Monte Vista Elementary School's summary total for the month of December 2019, it was noted that the monthly total did not agree to the attendance detail for that month. The summary total was overstated by 10 attendance days.

Questioned Costs

Under the provisions of the program, there are no questioned costs associated with this condition.

Context

The condition identified resulted from our review of Edison Elementary, Lincoln Elementary and Monte Vista Elementary Schools' attendance records and monthly attendance summary totals for the month of December 2019. The auditor selected 3 out of 31 schools for the first semi-annual reporting period dated July to December 2019. The auditor reviewed sign in/sign out records for the month of December 2019, as well as monthly attendance summary and detail reports.

Effect

As a result of our testing, the District was not compliant with Education Code Section 8483a(2) for the 2019-2020 fiscal year since the students were signing out early without a reason. As such, it could not be determined if the students arriving late or leaving early were in compliance with the early release/late arrival policy. Additionally, the District's attendance totals were overstated for Monte Vista Elementary School.

Cause

The cause of the condition appears to be a result of parents failing to record an early release code on the sign-out sheet when checking their children out of the program. Additionally, there appears to be a lack of appropriate review procedures to verify that monthly attendance information agrees to corresponding detail attendance records.

Repeat Finding

No

Recommendation

We recommend the District to continue enforcing its early release policy by communicating with parents the importance of documenting the reason for early release. Also, prior to submission of attendance information to the State, the District should ensure the monthly summaries agree to the attendance detail reports. An individual from the District should review and re-compute monthly attendance numbers per school site in order to verify that accurate information is being sent to the State for reporting.

Corrective Action Plan

The District will request attendance record samples monthly from program providers to review early releases and late arrivals are accompanied with an appropriate reason. Attendance counts will be reviewed on a sample basis prior to submitting data to the California Department of Education.

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

Management
Ontario-Montclair School District
Ontario, California

In planning and performing our audit of the financial statements of Ontario-Montclair School District (the District) for the year ended June 30, 2020, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated January 15, 2021, on the government-wide financial statements of the District.

Associated Student Body (ASB)

Berlyn Elementary School

Observation

1. Based on the review of the cash receipting procedures, it was noted that two of three deposits tested contained cash collections that were not deposited in a timely manner. The delay in deposit ranged from approximately 37 to 48 days from the date of receipt. This could result in large cash balances being maintained at the sites, which can hinder the safeguarding of ASB assets.

Recommendation

1. At a minimum, deposits should be made weekly to minimize the amount of cash held at the site. During weeks of high cash activity, there may be a need to make more than one deposit. The District should establish and communicate specific guidelines for timely deposit procedures including the maximum cash on hand that should be maintained at the site.

Sultana Elementary School

Observations

1. Based on the review of the cash receipting procedures, it was noted that for two deposits tested, neither was deposited in a timely manner. The delay in deposit ranged from approximately 82 to 87 days from the date of receipt. This could result in large cash balances being maintained at the sites, which can hinder the safeguarding of ASB assets.

2. During testing of procedures over student store inventory, it was noted that the school site does not maintain sufficient perpetual inventory documentation. Therefore, the student body is unable to perform a reconciliation between perpetual inventory records and a physical count to identify unusual variances.
3. Based on testing of one disbursement, it was noted that there was not pre-approval for the service received.

Recommendations

1. At a minimum, deposits should be made weekly to minimize the amount of cash held at the site. During weeks of high cash activity, there may be a need to make more than one deposit. The District should establish and communicate specific guidelines for timely deposit procedures including the maximum cash on hand that should be maintained at the site.
2. It is recommended that the student council maintain perpetual inventory records. Perpetual inventory documentation is essential to perform an analysis between the perpetual and physical inventory counts. An analysis of both counts will assist the student council in determining if items have been misplaced or stolen.
3. In order to ensure proper internal controls over the ASB disbursements, the site should ensure that all disbursement transactions are pre-approved by 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.

Oak Middle School

Observations

1. During testing of cash receipt procedures, it was noted that triplicate receipts are not used in sequential order. As a result, the auditor was unable to verify if there were gaps in the receipt sequences as well as the chronological order of receipts issued.
2. For six deposits tested, it was noted that one deposit was two dollars short of the amount collected according to receipts issued.
3. Cash collected by clubs/club advisors, snack bar, fundraising activities, or student store is not accounted for properly. Cash collections are not supported by sub-receipts, tally sheets, or logs that tie the total to the cash count sheet. For six deposits tested, one contained receipts that did not have sufficient support or paper trail; therefore, the auditor was unable to confirm if these deposits were intact and deposited in a timely manner.
4. Based on the review of cash receipting procedures, it was noted that all six deposits tested were not deposited in a timely manner. The delay in deposits ranged from approximately 39 to 72 days from the date of receipt. This could result in large cash balances being maintained at the sites which can hinder the safeguarding of ASB assets.

Recommendations

1. A key control procedure to ensure that all monies collected by teachers and advisors are included in the deposit forwarded to the bookkeeper is to receipt all monies and total the receipts issued since the last deposit to ensure that the cash equals the total of the receipts. This procedure relies on the fact that all monies collected must be receipted. Upon receipt of the cash, receipt carbons, and total receipts issued recap, the bookkeeper should verify the information and ensure that the sub-receipts are in chronological and numeric order. Once verified, the bookkeeper should issue a receipt back to the teacher or advisor which should equal the verified cash and receipts issued by the teacher or advisor.

2. All cash collections should be traceable to the source of collection. This includes using receipt books, tally sheets, pre-numbered receipts, or class rosters with collection information as to the source of the deposit. The bookkeeper should compare the backup information to the cash count form to ensure that the cash counted agrees with the cash that should have been collected.
3. Pre-numbered triplicate receipts, tally sheets, or logs should be utilized when collecting money for all ASB events and transactions. If utilizing a log, the students name and amount being turned in should be documented. If using a receipt book, the receipts should be issued in sequential order to all individuals turning in monies for ASB events. The white copy of the receipt should be issued to the person turning in the monies, the yellow receipt or log sheet should be utilized for deposit back-up, and the pink copy should be retained in the receipt book for audit purposes. Teachers and Administrators who collect monies should be equipped with a triplicate receipts book, tally sheet, or log sheet. When teachers are turning in monies for deposit, a cash count sheet should be turned in with the yellow copy of the receipts and monies to clearly identify the total amount being turned in.
4. At a minimum, deposits should be made weekly to minimize the amount of cash held at the site. During weeks of high cash activity, there may be a need to make more than one deposit. The District should establish and communicate specific guidelines for timely deposit procedures including the maximum cash on hand that should be maintained at the site.

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

Eide Bailly LLP

Rancho Cucamonga, California
January 15, 2021