

# 2020-2021 Annual Financial Audit Report



## **Ontario-Montclair School District**

950 West D Street

Ontario, CA 91762

[www.omsd.net](http://www.omsd.net)

Board Approved: February 17, 2022



Financial Statements  
June 30, 2021

# Ontario-Montclair School District

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## Independent Auditor's Report

To the 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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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, 2021, 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.

### **Emphasis of Matter – Change in Accounting Principle**

As discussed in Notes 1 and 15 to the financial statements, Ontario-Montclair School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13, budgetary comparison information on page 70, schedule of changes in the District's net OPEB liability and related ratios on page 71, schedule of the District's proportionate share of the net OPEB liability – MPP program on page 72, schedule of the District's proportionate share of the net pension liability on pages 73 and 74, and the schedule of District contributions on pages 75 and 76, 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 non-major governmental fund financial statements, Schedule of Expenditures of Federal Awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated January 28, 2022 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.

A handwritten signature in black ink that reads "Eric Bailey LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California  
January 28, 2022

# Ontario-Montclair

## School District

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

### BUSINESS SERVICES

#### BOARD OF TRUSTEES

Sonia Alvarado  
Kristen Brake  
Sarah S. Galvez  
Flora Martinez  
Elvia M. Rivas

James Q. Hammond, Ed.D.  
*Superintendent*

Phil Hillman  
*Chief Business Official*

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, 2021, with comparative information from the fiscal year ending June 30, 2020. Please read it in conjunction with the District's financial statements, which immediately follow this section.

## OVERVIEW OF THE FINANCIAL STATEMENTS

### The Financial Statements

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

The *Fund Financial Statements* include statements each of the following two categories: governmental and proprietary activities.

- 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.

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

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

The relationship between revenues and expenses is the District's *operating results*. Since the 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*. We use internal service 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 A WHOLE

### Net Position

The District's net position was \$15,814,112 for the fiscal year ended June 30, 2021. Of this amount, \$(219,274,383) was unrestricted deficit. 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.

	Governmental Activities	
	2021	2020 as restated
<b>Assets</b>		
Current and other assets	\$ 236,430,573	\$ 209,741,770
Capital assets	277,066,663	262,670,108
Total assets	513,497,236	472,411,878
Deferred outflows of resources	72,710,681	76,043,595
<b>Liabilities</b>		
Current liabilities	55,465,200	40,892,036
Long-term liabilities other than OPEB and Pension	128,034,415	132,622,887
Net other postemployment benefits (OPEB) liability	46,276,624	49,687,005
Aggregate net pension liability	313,568,349	289,947,474
Total liabilities	543,344,588	513,149,402
Deferred inflows of resources	27,049,217	27,989,184
<b>Net Position</b>		
Net investment in capital assets	178,127,154	171,439,916
Restricted	56,961,341	47,031,192
Unrestricted (deficit)	(219,274,383)	(211,154,221)
Total net position	\$ 15,814,112	\$ 7,316,887

The \$(219,274,383) 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 15. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

	Governmental Activities	
	2021	2020 *
Revenues		
Program revenues		
Charges for services and sales	\$ 1,882,861	\$ 2,092,502
Operating grants and contributions	112,457,664	68,980,751
Capital grants and contributions	5,492,027	21,459
General revenues		
Federal and State aid not restricted	194,510,393	203,183,682
Property taxes	26,761,631	31,043,678
Other general revenues	25,774,462	5,103,369
Total revenues	<u>366,879,038</u>	<u>310,425,441</u>
Expenses		
Instruction-related	263,622,342	238,114,511
Pupil services	41,013,041	39,700,613
Administration	19,716,228	22,279,843
Plant services	28,282,066	22,349,645
All other services	5,748,136	6,968,172
Total expenses	<u>358,381,813</u>	<u>329,412,784</u>
Change in net position	<u>\$ 8,497,225</u>	<u>\$ (18,987,343)</u>

\* The revenues and expenses for fiscal year 2020 were not restated to show the effects of GASB 84 for comparative purposes.

### Governmental Activities

As reported in the Statement of Activities on page 15, the cost of all of our governmental activities this year was \$358,381,813. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$26,761,631, because the cost was paid by those who benefited from the programs, \$1,882,861, or by other governments and organizations who subsidized certain programs with grants and contributions, \$117,949,691. We paid for the remaining "public benefit" portion of our governmental activities with \$220,284,855, 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.

	2021		2020 *	
	Total Cost of Services	Net Cost/ (Revenues) of Services	Total Cost of Services	Net Cost/ (Revenues) of Services
Instruction-related	\$ 263,622,342	\$ (186,197,146)	\$ 238,114,511	\$ (191,772,202)
Pupil services	41,013,041	(18,682,685)	39,700,613	(20,681,390)
Administration	19,716,228	(7,800,037)	22,279,843	(19,320,936)
Plant services	28,282,066	(22,345,363)	22,349,645	(21,610,767)
All other services	5,748,136	(3,524,030)	6,968,172	(4,932,777)
Total	<u>\$ 358,381,813</u>	<u>\$ (238,549,261)</u>	<u>\$ 329,412,784</u>	<u>\$ (258,318,072)</u>

\* The total and net cost of services for fiscal year 2020 were not restated to show the effects of GASB 84 for comparative purposes.

## THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$164,091,419, which is an increase of \$11,365,774, or 7.4% from last year (Table 4).

	Balances and Activity			June 30, 2021
	June 30, 2020 as restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	
General Fund	\$ 83,894,191	\$ 316,923,600	\$ 298,458,581	\$ 102,359,210
Special Reserve Fund for Capital Outlay Projects	17,137,221	6,623,509	1,236,071	22,524,659
Student Activity Fund	394,761	31,033	50,573	375,221
Child Development Fund	187,819	3,920,932	3,707,181	401,570
Cafeteria Fund	5,301,599	15,137,252	16,060,846	4,378,005
Deferred Maintenance Fund	254	5	-	259
Building Fund	30,799,317	483,212	13,581,669	17,700,860
Capital Facilities Fund	4,395,228	966,687	3,140,561	2,221,354
County School Facilities Fund	49,013	5,492,028	7,791	5,533,250
Bond Interest and Redemption Fund	10,566,242	7,574,302	9,543,513	8,597,031
Total	<u>\$ 152,725,645</u>	<u>\$ 357,152,560</u>	<u>\$ 345,786,786</u>	<u>\$ 164,091,419</u>

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, 2021. (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 70.)

Revenue and expenditure revisions were made to the 2020-2021 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, 2021, the District had a carrying value of \$277,066,663 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 \$14,396,555 or 5.5%, from last year.

	Governmental Activities	
	2021	2020
Land and construction in progress	\$ 26,379,202	\$ 43,791,337
Buildings and improvements	245,944,629	214,637,493
Equipment	4,742,832	4,241,278
Total	<u>\$ 277,066,663</u>	<u>\$ 262,670,108</u>

Several capital projects are planned for the 2020-2021 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 \$128,034,415 in long-term liabilities other than OPEB and pension outstanding versus \$132,622,887 last year, resulting in a decrease of \$4,588,472, or 3.5%, from last year. Those long-term liabilities consisted of:

	Governmental Activities	
	2021	2020
General obligation bonds - net (financed with property taxes)	\$ 124,187,961	\$ 128,843,734
Compensated absences	3,290,253	2,962,002
Claims liability	505,242	740,677
SELF workers' compensation assessment	50,959	76,474
Total	<u>\$ 128,034,415</u>	<u>\$ 132,622,887</u>

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 \$46,276,624 versus \$49,687,005 last year, resulting in a decrease of \$3,410,381, or 6.9%, from last year.

In addition, at year end, the District had a net pension liability \$313,568,349 versus \$289,947,474 last year, resulting in an increase of \$23,620,875, or 8.1%, from last year.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

In considering the District Budget, for the 2021-2022 year, which was adopted on June 17, 2021, 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 2021-2022:
  - a. 2021-2022: 18,064 Estimated P-2
  - b. 2020-2021: 19,390 Actual P-2
  - c. 2019-2020: 19,390 Actual P-2

#### **B. Revenue Assumptions**

1. Local Control Funding Formula (LCFF) is budgeted to increase to \$226.1 million:
  - a. Cost of Living Adjustment (COLA) of 5.07% LCFF, 4.05% Special Education, 1.70% Other Programs
  - b. A three-year rolling average unduplicated pupil percentage of 88.62%, the count of pupils who are English Learner students, Free or Reduced-Price Meal students, and/or Foster Youth.
  - c. Local property taxes of \$18,154,524.

#### **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 CalSTRS.
2. Based on the State Adopted 2021-2022 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. 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 2021-2022 Ending Fund Balance is based on the District's 2020-2021 General Fund Estimated Actuals Report and 2021-2022 General Fund Adopted Budget Report. This balance is estimated to be \$63.1 million, which includes but not limited to, Nonspendable balances of \$693,457, Committed balances of \$48.65 million, Restricted balances of \$3.35 million, and an Economic Uncertainties balance of \$10.41 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 (2021-2022) and two subsequent fiscal years (2022-2023 and 2023-2024).

**F. Subsequent Budget Revisions**

After the 2021-2022 Budget Adoption, the District has since submitted budget revisions reflecting the changes in LCFF revenue due to changes in projected enrollment, Unduplicated Pupil Count and the addition of the revised Concentration Grant. This resulted in LCFF revenue increasing to \$234.5 million. Budget revisions reflecting the Elementary and Secondary School Emergency Relief II and III (ESSER II, ESSER III) funding, Expanded Learning Opportunities Grant (ELOG) and Expanded Learning Opportunities Program (ELOP) were also submitted, which represents approximately \$40.3 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](mailto:Phil.Hillman@omsd.net).

Ontario-Montclair School District  
Statement of Net Position  
June 30, 2021

	Governmental Activities
<b>Assets</b>	
Deposits and investments	\$ 169,476,173
Restricted assets - pension trust	7,121,756
Receivables	58,205,479
Prepaid expense	600,146
Stores inventories	1,027,019
Capital assets not depreciated	26,379,202
Capital assets, net of accumulated depreciation	<u>250,687,461</u>
Total capital assets	<u>277,066,663</u>
Total assets	<u>513,497,236</u>
<b>Deferred Outflows of Resources</b>	
Deferred charge on refunding	791,739
Deferred outflows of resources related to OPEB	1,180,217
Deferred outflows of resources related to pensions	<u>70,738,725</u>
Total deferred outflows of resources	<u>72,710,681</u>
<b>Liabilities</b>	
Accounts payable	47,535,309
Accrued interest payable	1,835,461
Unearned revenue	6,094,430
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	3,469,628
Long-term liabilities other than OPEB and pensions due in more than one year	124,564,787
Net other postemployment benefits (OPEB) liability	46,276,624
Aggregate net pension liabilities	<u>313,568,349</u>
Total liabilities	<u>543,344,588</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows of resources related to OPEB	9,854,455
Deferred inflows of resources related to pensions	<u>17,194,762</u>
Total deferred inflows of resources	<u>27,049,217</u>
<b>Net Position</b>	
Net investment in capital assets	178,127,154
Restricted for	
Debt service	6,761,570
Capital projects	7,754,604
Educational programs	12,852,917
Self-insurance	18,153,214
Cafeteria	3,763,657
Other activities	553,623
Other restrictions - pension trust	7,121,756
Unrestricted (deficit)	<u>(219,274,383)</u>
Total net position	<u><u>\$ 15,814,112</u></u>

Ontario-Montclair School District  
Statement of Activities  
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction	\$ 232,353,549	\$ 850,702	\$ 64,734,941	\$ 5,492,027	\$ (161,275,879)
Instruction-related activities					
Supervision of instruction	7,010,770	80,950	1,793,671	-	(5,136,149)
Instructional library, media, and technology	1,982,803	-	1,292,924	-	(689,879)
School site administration	22,275,220	4,805	3,175,176	-	(19,095,239)
Pupil services					
Home-to-school transportation	5,816,932	-	2,074,932	-	(3,742,000)
Food services	16,438,038	40,575	14,050,192	-	(2,347,271)
All other pupil services	18,758,071	213,283	5,951,374	-	(12,593,414)
Administration					
Data processing	8,400,223	-	8,725,825	-	325,602
All other administration	11,316,005	61,427	3,128,939	-	(8,125,639)
Plant services	28,282,066	35,737	5,900,966	-	(22,345,363)
Ancillary services	303,744	-	53,306	-	(250,438)
Enterprise services	10,420	-	3,108	-	(7,312)
Interest on long-term liabilities	4,898,548	-	-	-	(4,898,548)
Other outgo	535,424	595,382	1,572,310	-	1,632,268
Total governmental activities	<u>\$ 358,381,813</u>	<u>\$ 1,882,861</u>	<u>\$ 112,457,664</u>	<u>\$ 5,492,027</u>	<u>(238,549,261)</u>
General Revenues and Subventions					
Property taxes, levied for general purposes					25,249,095
Property taxes, levied for debt service					7,363
Taxes levied for other specific purposes					1,505,173
Federal and State aid not restricted to specific purposes					194,510,393
Interest and investment earnings					2,205,476
Miscellaneous					23,568,986
Total general revenues and subventions					<u>247,046,486</u>
Change in Net Position					8,497,225
Net Position - Beginning, as restated					<u>7,316,887</u>
Net Position - Ending					<u>\$ 15,814,112</u>

# Ontario-Montclair School District

## Balance Sheet – Governmental Funds

June 30, 2021

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Deposits and investments	\$ 96,077,832	\$ 18,322,470	\$ 38,099,321	\$ 152,499,623
Restricted assets - pension trust	7,121,756	-	-	7,121,756
Receivables	54,804,579	41,408	3,316,546	58,162,533
Due from other funds	2,069,830	4,500,000	131,169	6,700,999
Prepaid expenditures	600,146	-	-	600,146
Stores inventories	449,221	-	577,798	1,027,019
<b>Total assets</b>	<b>\$ 161,123,364</b>	<b>\$ 22,863,878</b>	<b>\$ 42,124,834</b>	<b>\$ 226,112,076</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 44,524,297	\$ 339,219	\$ 2,579,838	\$ 47,443,354
Due to other funds	8,145,427	-	337,446	8,482,873
Unearned revenue	6,094,430	-	-	6,094,430
<b>Total liabilities</b>	<b>58,764,154</b>	<b>339,219</b>	<b>2,917,284</b>	<b>62,020,657</b>
<b>Fund balances</b>				
Nonspendable	1,124,367	-	614,348	1,738,715
Restricted	19,974,673	-	38,369,775	58,344,448
Committed	-	-	259	259
Assigned	72,306,412	22,524,659	223,168	95,054,239
Unassigned	8,953,758	-	-	8,953,758
<b>Total fund balances</b>	<b>102,359,210</b>	<b>22,524,659</b>	<b>39,207,550</b>	<b>164,091,419</b>
<b>Total liabilities and fund balances</b>	<b>\$ 161,123,364</b>	<b>\$ 22,863,878</b>	<b>\$ 42,124,834</b>	<b>\$ 226,112,076</b>

Ontario-Montclair School District  
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2021

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Total Fund Balance - Governmental Funds		\$ 164,091,419
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	\$ 443,560,514	
Accumulated depreciation is	<u>(166,493,851)</u>	
Net capital assets		277,066,663
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.		
		(1,835,461)
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.		
		18,153,214
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 (deferred charge on refunding)	791,739	
Net other postemployment benefits (OPEB) liability	1,180,217	
Aggregate net pension liability	<u>70,738,725</u>	
Total deferred outflows of resources		72,710,681
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Net other postemployment benefits (OPEB) liability	(9,854,455)	
Aggregate net pension liability	<u>(17,194,762)</u>	
Total deferred inflows of resources		(27,049,217)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(313,568,349)

Ontario-Montclair School District  
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2021

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The District's net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds. \$ (46,276,624)

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	\$ (109,165,015)
Unamortized premium	(8,267,093)
Compensated absences (vacations)	(3,290,253)

In addition, the District has issued 'capital appreciation' general obligation bonds. The accretion of interest on the general obligation bonds to date is

(6,755,853)

Total long-term liabilities	<u>(127,478,214)</u>
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Total net position - governmental activities	<u><u>\$ 15,814,112</u></u>
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**Ontario-Montclair School District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds**  
**Year Ended June 30, 2021**

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Local control funding formula	\$ 215,692,633	\$ -	\$ -	\$ 215,692,633
Federal sources	46,123,948	-	14,301,147	60,425,095
Other State sources	47,665,386	-	9,513,226	57,178,612
Other local sources	7,441,633	319,630	9,714,197	17,475,460
<b>Total revenues</b>	<b>316,923,600</b>	<b>319,630</b>	<b>33,528,570</b>	<b>350,771,800</b>
<b>Expenditures</b>				
Current				
Instruction	189,174,299	-	3,077,795	192,252,094
Instruction-related activities				
Supervision of instruction	5,923,546	-	299,824	6,223,370
Instructional library, media, and technology	1,911,543	-	-	1,911,543
School site administration	19,141,273	-	136,970	19,278,243
Pupil services				
Home-to-school transportation	6,383,541	-	-	6,383,541
Food services	398,688	-	14,540,249	14,938,937
All other pupil services	16,556,647	-	19,482	16,576,129
Administration				
Data processing	13,368,675	-	-	13,368,675
All other administration	9,434,145	-	954,837	10,388,982
Plant services	25,925,704	490,804	783,932	27,200,440
Ancillary services	211,495	-	50,573	262,068
Other outgo	535,424	-	-	535,424
Enterprise services	853	-	-	853
Facility acquisition and construction	1,611,988	745,267	16,684,959	19,042,214
Debt service				
Principal	-	-	5,035,000	5,035,000
Interest and other	-	-	4,508,513	4,508,513
<b>Total expenditures</b>	<b>290,577,821</b>	<b>1,236,071</b>	<b>46,092,134</b>	<b>337,906,026</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>26,345,779</b>	<b>(916,441)</b>	<b>(12,563,564)</b>	<b>12,865,774</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	6,303,879	76,881	6,380,760
Transfers out	(7,880,760)	-	-	(7,880,760)
<b>Net Financing Sources (Uses)</b>	<b>(7,880,760)</b>	<b>6,303,879</b>	<b>76,881</b>	<b>(1,500,000)</b>
<b>Net Change in Fund Balances</b>	<b>18,465,019</b>	<b>5,387,438</b>	<b>(12,486,683)</b>	<b>11,365,774</b>
<b>Fund Balances - Beginning, as restated</b>	<b>83,894,191</b>	<b>17,137,221</b>	<b>51,694,233</b>	<b>152,725,645</b>
<b>Fund Balances - Ending</b>	<b>\$ 102,359,210</b>	<b>\$ 22,524,659</b>	<b>\$ 39,207,550</b>	<b>\$ 164,091,419</b>

# Ontario-Montclair School District

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2021

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Total Net Change in Fund Balances - Governmental Funds	\$ 11,365,774
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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	\$ 25,161,122
Depreciation expense	<u>(10,764,243)</u>

Net expense adjustment	14,396,879
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Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.

(324)

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 \$328,251.

(328,251)

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.

(20,590,847)

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

(1,921,073)



# Ontario-Montclair School District

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2021

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.

\$ 5,035,000

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

\$ 445,661

Amortization of deferred charges on refunding

(91,521)

Combined adjustment

354,140

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 decreased by \$80,713, and second, \$824,888 of additional accumulated interest was accreted on the District's "capital appreciation" general obligation bonds.

(744,175)

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.

930,102

Change in net position of governmental activities

\$ 8,497,225

Ontario-Montclair School District  
Statement of Net Position – Proprietary Funds  
June 30, 2021

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	<u>Governmental Activities - Internal Service Fund</u>
Assets	
Current assets	
Deposits and investments	\$ 16,976,550
Receivables	42,946
Due from other funds	<u>3,514,258</u>
Total current assets	<u>20,533,754</u>
Liabilities	
Current liabilities	
Accounts payable	91,955
Due to other funds	1,732,384
Current portion of claims liability	<u>199,628</u>
Total current liabilities	<u>2,023,967</u>
Noncurrent liabilities	
Noncurrent portion of claims liability and SELF assessment	<u>356,573</u>
Net Position	
Restricted	<u><u>\$ 18,153,214</u></u>

Ontario-Montclair School District  
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds  
Year Ended June 30, 2021

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	Governmental Activities - Internal Service Fund
Operating Revenues	
Charges to other funds and miscellaneous revenues	\$ 3,927,504
Operating Expenses	
Payroll costs	85,315
Supplies and materials	40,091
Facility rental	4,900
Other operating cost	4,674,365
Total operating expenses	4,804,671
Operating loss	(877,167)
Non-Operating Revenues	
Fair market value adjustments	114,896
Interest income	192,373
Total non-operating revenues	307,269
Transfers in	1,500,000
Change in Net Position	930,102
Total Net Position - Beginning	17,223,112
Total Net Position - Ending	\$ 18,153,214

Ontario-Montclair School District  
Statement of Cash Flows – Proprietary Funds  
Year Ended June 30, 2021

	<u>Governmental Activities - Internal Service Fund</u>
Operating Activities	
Cash received from assessments made to other funds	\$ 4,037,787
Cash payments to employees for services	(85,315)
Other operating cash payments	(44,991)
Cash payments for claims	<u>(4,890,434)</u>
Net Cash Used By Operating Activities	<u>(982,953)</u>
Investing Activities	
Fair market value adjustments	114,896
Interest on investments	<u>192,373</u>
Net Cash Provided By Investing Activities	<u>307,269</u>
Transfers	
Transfer in from other funds	<u>1,500,000</u>
Net Increase in Cash and Cash Equivalents	824,316
Cash and Cash Equivalents - Beginning	<u>16,152,234</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 16,976,550</u></u>
Reconciliation of Operating Loss to Net Cash used by Operating Activities	
Operating loss	\$ (877,167)
Changes in assets and liabilities	
Receivables	42,124
Due from other funds	998,396
Accounts payable	44,881
Due to other funds	(930,237)
Claims liability and self assessment	<u>(260,950)</u>
Net Cash used by Operating Activities	<u><u>\$ (982,953)</u></u>

**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 two broad fund categories: governmental and proprietary.

**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 \$200,420 and \$26,579,937, respectively.

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

### Non-Major Governmental Funds

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

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

- **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.
- **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.).

**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).

**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.

#### **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 and 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 governmental 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.

**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, 2021, the balance of the trust was \$7,121,756.

### **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 differences between expected and actual earnings on investments, changes of assumptions, and other pension and OPEB related items.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items and for OPEB related items. The deferred amounts related to pension and OPEB relate to differences between expected and actual experience, changes of assumptions, and other pension and OPEB related items.

**Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid 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, 2021, fund balances of the governmental funds are classified as follows:

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

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

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

**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 \$56,961,341 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****Implementation of GASB Statement No. 84**

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.

The provisions of this Statement have been implemented as of June 30, 2021.

**New Accounting Pronouncements**

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.

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.

**Note 2 - Deposits and Investments****Summary of Deposits and Investments**

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

Governmental activities	<u>\$ 169,476,173</u>
-------------------------	-----------------------

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

Cash on hand and in banks	\$ 585,221
Cash in revolving	111,550
Investments	<u>168,779,402</u>
Total deposits and investments	<u>\$ 169,476,173</u>

**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	<u>\$ 168,779,402</u>	461



**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 AAf/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% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2021, \$26,336 of the District's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized and \$360,346 was collateralized by securities held by the pledging financial institution, but not in the name of the District.

**Note 3 - Receivables**

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

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities
Federal Government					
Categorical aid	\$ 10,447,247	\$ -	\$ 2,440,962	\$ -	\$ 12,888,209
State Government					
LCFF apportionment	36,228,529	-	599,703	-	36,828,232
Categorical aid	1,200,650	-	-	-	1,200,650
Special education	4,490,541	-	-	-	4,490,541
Lottery	1,340,682	-	-	-	1,340,682
Local Government					
Interest	198,054	41,408	81,497	37,261	358,220
Due from other LEAs	295,441	-	-	-	295,441
Other Local Sources					
Other	603,435	-	194,384	5,685	803,504
Total	<u>\$ 54,804,579</u>	<u>\$ 41,408</u>	<u>\$ 3,316,546</u>	<u>\$ 42,946</u>	<u>\$ 58,205,479</u>

**Note 4 - Capital Assets**

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

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 6,160,798	\$ -	\$ -	\$ 6,160,798
Construction in progress	37,630,539	23,139,846	(40,551,981)	20,218,404
Total capital assets not being depreciated	43,791,337	23,139,846	(40,551,981)	26,379,202
Capital assets being depreciated				
Buildings and improvements	331,345,097	37,122,672	-	368,467,769
Site improvements	21,539,264	4,046,260	-	25,585,524
Furniture and equipment	21,743,129	1,404,325	(19,435)	23,128,019
Total capital assets being depreciated	374,627,490	42,573,257	(19,435)	417,181,312
Total capital assets	418,418,827	65,713,103	(40,571,416)	443,560,514
Less accumulated depreciation				
Buildings and improvements	(125,963,033)	(9,093,618)	-	(135,056,651)
Site improvements	(12,283,835)	(768,178)	-	(13,052,013)
Furniture and equipment	(17,501,851)	(902,447)	19,111	(18,385,187)
Total accumulated depreciation	(155,748,719)	(10,764,243)	19,111	(166,493,851)
Governmental activities capital assets, net	\$ 262,670,108	\$ 54,948,860	\$ (40,552,305)	\$ 277,066,663

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 9,776,085
Food service	988,158
Total depreciation	<u>\$ 10,764,243</u>

**Note 5 - Interfund Transactions****Interfund Receivables/Payables (Due To/Due From)**

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

Due To	Due From			Total
	General Fund	Non-Major Governmental Funds	Internal Service Fund	
General Fund	\$ -	\$ 337,446	\$ 1,732,384	\$ 2,069,830
Special Reserve Fund for Capital Outlay Projects	4,500,000	-	-	4,500,000
Non-Major Governmental Funds	131,169	-	-	131,169
Internal Service Fund	3,514,258	-	-	3,514,258
Total	<u>\$ 8,145,427</u>	<u>\$ 337,446</u>	<u>\$ 1,732,384</u>	<u>\$ 10,215,257</u>

A balance of \$198,877 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 \$138,207 is due to the General Fund from the Cafeteria Non-Major Governmental Fund for the reimbursement of payroll and indirect costs.

A balance of \$362 is due to the General Fund from the Capital Facilities Non-Major Governmental Fund for the reimbursement of payroll costs.

The balance of \$1,732,384 is due to the General Fund from the Internal Service Fund for the reimbursement of operating costs.

The balance of \$4,500,000 is due to the Special Reserve Fund for Capital Outlay Projects from the General Fund for capital project reserve.

A balance of \$94,233 is due to the Child Development Non-Major Governmental Fund from the General Fund for the reimbursement of operating costs.

A balance of \$36,936 is due to the Cafeteria Non-Major Governmental Fund from the General Fund for the of operating costs.

The balance of \$3,514,258 is due to the Internal Service Fund from the General Fund for charges for workers' compensation insurance and for a contribution for the net other postemployment benefits (OPEB) liability.

**Operating Transfers**

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

Transfer To	Transfers From General Fund
Special Reserve Fund for Capital Outlay Projects	\$ 6,303,879
Non-Major Governmental Funds	76,881
Internal Service Fund	1,500,000
<b>Total</b>	<b>\$ 7,880,760</b>
The General Fund transferred to the Special Reserve Fund for Capital Outlay Projects for capital project reserves, redevelopment funds, and technology project reserves.	
	\$ 6,303,879
The General Fund transferred to the Child Development Non-Major Governmental Fund to reimburse for operating costs.	
	76,881
The General Fund transferred to the Internal Service Fund for property and liability claims.	
	1,500,000
<b>Total</b>	<b>\$ 7,880,760</b>

**Note 6 - Accounts Payable**

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

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities
Salaries and benefits	\$ 18,366,453	\$ -	\$ 489,420	\$ 1,571	\$ 18,857,444
LCFF apportionment	22,025,256	-	-	-	22,025,256
Supplies	973,706	-	174,770	29,025	1,177,501
Services	2,531,386	52,280	595,583	61,359	3,240,608
Capital outlay	89,758	286,939	1,283,135	-	1,659,832
Other vendor payables	537,738	-	36,930	-	574,668
<b>Total</b>	<b>\$ 44,524,297</b>	<b>\$ 339,219</b>	<b>\$ 2,579,838</b>	<b>\$ 91,955</b>	<b>\$ 47,535,309</b>

**Note 7 - Unearned Revenue**

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

	General Fund
Federal financial assistance	\$ 2,550,981
State categorical aid	<u>3,543,449</u>
Total	<u>\$ 6,094,430</u>

**Note 8 - Long-term liabilities Other than OPEB and Pensions**

**Summary**

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

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Due in One Year
General obligation bonds	\$ 105,975,980	\$ 824,888	\$ (3,710,000)	\$ 103,090,868	\$ 1,830,000
Unamortized premium	8,712,754	-	(445,661)	8,267,093	-
Private placement debt -					
General obligation bonds	14,155,000	-	(1,325,000)	12,830,000	1,440,000
Compensated absences	2,962,002	328,251	-	3,290,253	-
Claims liability	740,677	8,759	(244,194)	505,242	174,113
SELF workers' compensation assessment	76,474	-	(25,515)	50,959	25,515
	<u>\$ 132,622,887</u>	<u>\$ 1,161,898</u>	<u>\$ (5,750,370)</u>	<u>\$ 128,034,415</u>	<u>\$ 3,469,628</u>

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, 2020	Accreted Interest	Redeemed	June 30, 2021
Series B	2006	8/1/2030	4.50-5.00%	\$ 9,999,646	\$ 2,181,175	\$ 177,984	\$ -	\$ 2,359,159
Series C	2008	8/1/2032	4.50-8.90%	7,999,994	2,735,145	180,098	-	2,915,243
Series D	2009	8/1/2030	2.00-6.56%	4,100,263	5,289,660	466,806	-	5,756,466
2016 Refunding Series A	2016	8/1/2027	3.00-5.00%	4,280,000	3,690,000	-	(340,000)	3,350,000
2016 Refunding Series B	2016	8/1/2034	2.50-5.00%	18,770,000	18,770,000	-	(565,000)	18,205,000
Series 2017A	2017	8/1/2046	2.00-5.00%	35,000,000	28,310,000	-	(2,805,000)	25,505,000
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	14,155,000	-	(1,325,000)	12,830,000
					<u>\$ 120,130,980</u>	<u>\$ 824,888</u>	<u>\$ (5,035,000)</u>	<u>\$ 115,920,868</u>

### 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%. 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, 2021, the principal balance outstanding of the 2002 General Obligation Bonds, Series B was \$2,359,159 and unamortized premium on issuance was \$79,492.

### 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%. 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, 2021, the principal balance outstanding of the 2002 General Obligation Bonds, Series C was \$2,915,243.

**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%. 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, 2021, the principal balance outstanding of the 2002 General Obligation Bonds, Series D was \$5,756,466 and unamortized premium on issuance was \$493,143.

**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%. 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, 2021, the principal balance outstanding of the 2016 General Obligation Refunding Bonds, Series A was \$3,350,000 and unamortized premium on issuance and deferred charge on refunding were \$360,644 and \$95,567, 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%. 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, 2021, the principal balance outstanding of the 2016 General Obligation Refunding Bonds, Series B was \$18,205,000 and unamortized premium on issuance and deferred charge on refunding were \$1,726,275 and \$261,814, 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%. 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, 2021, the principal balance outstanding of the 2016 General Obligation Bonds, Series 2017A was \$25,505,000 and unamortized premium on issuance was \$2,125,368.

**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%. 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, 2021, the principal balance outstanding of the 2016 General Obligation Bonds, Series 2017A was \$45,000,000 and unamortized premium on issuance was \$3,482,171.

**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%. 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, 2021, the principal balance outstanding of the 2013 General Obligation Refunding Bonds was \$12,830,000 and deferred charge on refunding was \$434,358.

**Debt Service Requirements to Maturity – Includes Private Placement Debt**

The General Obligation Bonds mature through 2049 as follows:

<u>Fiscal Year</u>	<u>Principal Including Accreted Interest to Date</u>	<u>Current Interest to Maturity</u>	<u>Accreted Interest</u>	<u>Total</u>
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	2,615,000	3,756,019	-	6,371,019
2027-2031	18,314,436	17,573,863	8,682,047	44,570,346
2032-2036	23,501,432	14,742,684	1,735,166	39,979,282
2037-2041	14,205,000	11,235,788	-	25,440,788
2042-2046	17,990,000	6,601,900	-	24,591,900
2047-2049	23,460,000	1,024,025	-	24,484,025
Total	<u>\$ 115,920,868</u>	<u>\$ 71,440,010</u>	<u>\$ 10,417,213</u>	<u>\$ 197,778,091</u>



**Compensated Absences**

Compensated absences (unpaid employee vacation) for the District at June 30, 2021, amounted to \$3,290,253.

**Claims Liability**

The District is self-insured against claims for workers' compensation injuries, and property and liability claims. The liability as of June 30, 2021, totaling \$505,242 is made of \$336,337 for the claims obligation for the workers' compensation program as established by an actuarial study performed by a third party and \$168,905 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, 2021, the District's outstanding obligation for their pro-rata share of equity assessed was \$50,959.

**Note 9 - Net Other Postemployment Benefit (OPEB) Liability**

For the fiscal year ended June 30, 2021, 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	\$ 44,624,626	\$ 1,180,217	\$ 9,854,455	\$ 1,699,977
Medicare Premium Payment (MPP) Program	1,651,998	-	-	221,096
Total	<u>\$ 46,276,624</u>	<u>\$ 1,180,217</u>	<u>\$ 9,854,455</u>	<u>\$ 1,921,073</u>

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	\$ 43,730,540	\$ 1,169,677	\$ 9,833,898	\$ 1,751,039
Grantor Trust	851,367	10,540	20,557	(51,705)
Board of Trustees	42,719	-	-	643
Total	<u>\$ 44,624,626</u>	<u>\$ 1,180,217</u>	<u>\$ 9,854,455</u>	<u>\$ 1,699,977</u>

### 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	<u>2,097</u>
	<u>2,259</u>

### 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, 2021, the District contributed \$2,351,312 to the Plans, all of which was used for current benefits.

## Net OPEB Liability of the District

The District's net OPEB liability of \$44,624,626 was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The components of the net OPEB liability of the District at June 30, 2021, were as follows:

Total OPEB liability	\$ 57,255,023
Plan fiduciary net position	<u>(12,630,397)</u>
District's net OPEB liability	<u>\$ 44,624,626</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>22.06%</u>

## Actuarial Assumptions

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

<u>General Trust</u>	
Inflation	2.50 %
Salary increases	2.75 %, average, including inflation
Investment rate of return	4.36 %, net of OPEB plan investment expense, including inflation
Health care cost trend rates	4.00 % for 2021

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	2.50 %
Salary increases	2.75 %, average, including inflation
Investment rate of return	4.75 %, net of OPEB plan investment expense, including inflation
Health care cost trend rates	4.00 % for 2021

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 %
Salary increases	2.75 %, average, including inflation
Discount rate	2.16 %
Health care cost trend rates	4.00 % for 2021

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, 2020	\$ 58,469,129	\$ 10,213,026	\$ 48,256,103
Service cost	3,475,995	-	3,475,995
Interest	2,027,086	-	2,027,086
Differences between expected and actual experience	-	-	-
Contributions-employer	-	2,351,312	(2,351,312)
Net investment income	-	2,507,038	(2,507,038)
Changes of assumptions or other inputs	(4,362,884)	-	(4,362,884)
Benefit payments	(2,354,303)	(2,351,312)	(2,991)
Administrative expense	-	(89,667)	89,667
Net change in total OPEB liability	(1,214,106)	2,417,371	(3,631,477)
Balance at June 30, 2021	<u>\$ 57,255,023</u>	<u>\$ 12,630,397</u>	<u>\$ 44,624,626</u>

There were no changes in benefits terms from 2020 to 2021.

Changes of assumptions and other inputs reflect the following:

- The General Trust plan inflation rate was changed from 2.75% to 2.50% and the rate of investment return assumption was changed from 3.40% to 4.36% since the previous valuation.
- The Grantor Trust plan inflation rate was changed from 2.75% to 2.50% and the rate of investment return assumption was changed from 5.00% to 4.75% since the previous valuation.
- The Board of Trustees plan discount rate changed from 2.20% to 2.16% since the previous valuation.

**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:

<u>General Trust - Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (3.36%)	\$ 48,297,295
Current discount rate (4.36%)	43,730,540
1% increase (5.36%)	40,151,749
<u>Grantor Trust - Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (3.75%)	\$ 976,641
Current discount rate (4.75%)	851,367
1% increase (5.75%)	740,521
<u>Board of Trustees - Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (1.16%)	\$ 46,188
Current discount rate (2.16%)	42,719
1% increase (3.16%)	39,642

**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:

<u>Healthcare Cost Trend Rates</u>	<u>Net OPEB Liability</u>
1% decrease (3.00%)	\$ 37,902,585
Current healthcare cost trend rate (4.00%)	44,624,626
1% increase (5.00%)	52,212,227

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$1,699,977. At June 30, 2021, 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	\$ -	\$ 1,849,957
Changes of assumptions	918,122	6,371,326
Net difference between projected and actual earnings on OPEB plan investments	251,555	1,612,615
Total	<u>\$ 1,169,677</u>	<u>\$ 9,833,898</u>

  

	Grantor Trust	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 7,061	\$ -
Net difference between projected and actual earnings on OPEB plan investments	3,479	20,557
Total	<u>\$ 10,540</u>	<u>\$ 20,557</u>

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ (912,908)
2023	(919,969)
2024	(863,962)
2025	(948,966)
2026	(568,682)
Thereafter	(4,459,751)
	<u>\$ (8,674,238)</u>

**Medicare Premium Payment (MPP) Program****Plan Description**

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

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

**Benefits Provided**

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

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

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

**Net OPEB Liability and OPEB Expense**

At June 30, 2021, the District reported a liability of \$1,651,998 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.3898%, and 0.3842%, resulting in a net increase in the proportionate share of 0.0056%.

For the year ended June 30, 2021, the District recognized OPEB expense of \$221,096.



### Actuarial Methods and Assumptions

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

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

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

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

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

### Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2020, is 2.21%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 2.21%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2020, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 1.29% from 3.5% as of June 30, 2019.

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

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

Discount Rate	Net OPEB Liability
1% decrease (1.21%)	\$ 1,826,744
Current discount rate (2.21%)	1,651,998
1% increase (3.21%)	1,503,302

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

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 1,497,923
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	1,651,998
1% increase (5.50% Part A and 6.40% Part B)	1,829,367

**Note 10 - Fund Balances**

Fund balances are composed of the following elements:

	General Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
<b>Nonspendable</b>				
Revolving cash	\$ 75,000	\$ -	\$ 36,550	\$ 111,550
Stores inventories	449,221	-	577,798	1,027,019
Prepaid expenditures	600,146	-	-	600,146
<b>Total nonspendable</b>	<b>1,124,367</b>	<b>-</b>	<b>614,348</b>	<b>1,738,715</b>
<b>Restricted</b>				
Legally restricted programs	12,852,917	-	4,317,280	17,170,197
Other restrictions - pension trust	7,121,756	-	-	7,121,756
Capital projects	-	-	25,455,464	25,455,464
Debt service	-	-	8,597,031	8,597,031
<b>Total restricted</b>	<b>19,974,673</b>	<b>-</b>	<b>38,369,775</b>	<b>58,344,448</b>
<b>Committed</b>				
Deferred maintenance program	-	-	259	259
<b>Assigned</b>				
Board policy reserve	44,371,312	-	-	44,371,312
Classified professional growth	72,203	-	-	72,203
Site discretionary carryover	6,344,014	-	-	6,344,014
Site donations	265,556	-	-	265,556
California academic standards implementation	1,156,126	-	-	1,156,126
Certificated teacher initiated funds	59,571	-	-	59,571
GASB 31 fair value of investments	579,449	-	-	579,449
Common Core and textbook adoptions	5,014,822	-	-	5,014,822
Retiree PARS plan liability	2,909,464	-	-	2,909,464
Pension reserve	2,925,843	-	-	2,925,843
Facilities and deferred maintenance	27,434	-	-	27,434
Post employment benefits liability	8,580,618	-	-	8,580,618
Preschool reserve	-	-	223,168	223,168
Capital projects	-	22,524,659	-	22,524,659
<b>Total assigned</b>	<b>72,306,412</b>	<b>22,524,659</b>	<b>223,168</b>	<b>95,054,239</b>
<b>Unassigned</b>				
Reserve for economic uncertainties	8,953,758	-	-	8,953,758
<b>Total</b>	<b>\$ 102,359,210</b>	<b>\$ 22,524,659</b>	<b>\$ 39,207,550</b>	<b>\$ 164,091,419</b>

**Note 11 - Risk Management****Property and Liability**

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. 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, 2021, 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, 2019 to June 30, 2021:

	Workers' Compensation	Property and Liability	Total
Liability Balance, July 1, 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
Claims and changes in estimates	94,620	(85,861)	8,759
Claims payments	(100,865)	(143,329)	(244,194)
Liability Balance, June 30, 2021	\$ 336,337	\$ 168,905	\$ 505,242
Assets available to pay claims at June 30, 2021	\$ 2,699,623	\$ 440,689	\$ 3,140,312

**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, 2021, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 216,803,431	\$ 53,831,471	\$ 12,657,655	\$ 30,251,214
CalPERS	96,764,918	16,907,254	4,537,107	18,601,658
Total	\$ 313,568,349	\$ 70,738,725	\$ 17,194,762	\$ 48,852,872

The details of each plan are as follows:

### **California State Teachers' Retirement System (CalSTRS)**

#### **Plan Description**

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

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

#### **Benefits Provided**

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

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

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

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

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

### Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the District's total contributions were \$18,873,565.

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

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

Total Net Pension Liability, Including State Share:

District's proportionate share of net pension liability	\$ 216,803,431
State's proportionate share of the net pension liability associated with the District	<u>111,762,194</u>
Total	<u><u>\$ 328,565,625</u></u>

The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.2237% and 0.2172%, resulting in a net increase in the proportionate share of 0.0065%.

For the year ended June 30, 2021, the District recognized pension expense of \$30,251,214. In addition, the District recognized pension expense and revenue of \$15,656,787 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 18,873,565	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	8,283,941	6,543,427
Differences between projected and actual earnings on pension plan investments	5,150,001	-
Differences between expected and actual experience in the measurement of the total pension liability	382,559	6,114,228
Changes of assumptions	21,141,405	-
Total	<u>\$ 53,831,471</u>	<u>\$ 12,657,655</u>

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ (3,142,501)
2023	1,754,700
2023	3,500,824
2024	3,036,978
Total	<u>\$ 5,150,001</u>



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 (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARS� for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 6,679,525
2023	4,275,418
2024	5,197,610
2025	(395)
2026	408,339
Thereafter	589,753
Total	<u>\$ 17,150,250</u>

#### Actuarial Methods and Assumptions

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

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

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

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

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

#### Discount Rate

The discount rate used to measure the total pension liability was 7.10%. 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%) 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%)	\$ 327,559,784
Current discount rate (7.10%)	216,803,431
1% increase (8.10%)	125,358,465

**California Public Employees Retirement System (CalPERS)****Plan Description**

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

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

<https://www.calpers.ca.gov/page/forms-publications>.

**Benefits Provided**

CalPERS 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, 2021, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	20.700%	20.700%

## 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 July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the total District contributions were \$9,388,460.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$96,764,918. The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively, was 0.3154% and 0.3218%, resulting in a net decrease in the proportionate share of 0.0064%.

For the year ended June 30, 2021, the District recognized pension expense of \$18,601,658. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 9,388,460	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	350,372	4,537,107
Differences between projected and actual earnings on pension plan investments	2,014,339	-
Differences between expected and actual experience in the measurement of the total pension liability	4,799,242	-
Changes of assumptions	354,841	-
Total	<u>\$ 16,907,254</u>	<u>\$ 4,537,107</u>

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ (753,806)
2023	672,370
2024	1,168,688
2025	927,087
Total	<u>\$ 2,014,339</u>

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 (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARS� for the measurement period is 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ 1,945,480
2023	(220,602)
2024	(683,984)
2025	(73,546)
Total	<u>\$ 967,348</u>

**Actuarial Methods and Assumptions**

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

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

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% 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%. 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%)	\$ 139,117,215
Current discount rate (7.15%)	96,764,918
1% increase (8.15%)	61,614,637

**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% of an employee's gross earnings. An employee is required to contribute 3.75% of his or her gross earnings to the pension plan.

During the year, the District's required and actual contributions amounted to \$59,392.

**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 \$12,648,164 (10.328% 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*.

## 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, 2021.

### Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2021.

### Construction Commitments

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

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
Serrano MS WATC	\$ 7,932,102	03/31/2022
Wiltsey MS WATC	7,787,412	04/29/2022
Transportation Center Bus Takeback	1,199,772	07/01/2022
Arroyo 7 & 8 Grade Reconfiguration	305,921	08/31/2022
El Camino Parking Lot	560,070	08/31/2022
Haynes Relocatable Restroom	146,826	08/31/2022
Moreno Relocatables	440,350	08/31/2022
Seismic Retrofit LOC 001	94,800	08/31/2023
Elementary School CCTV Cameras	5,094,300	08/31/2023
De Anza Locker Room Upgrades	780,945	08/31/2023
Vina Danks MS Modernization	2,374,188	08/31/2023
Vina Danks Seismic Retrofit	7,708,483	07/01/2025
Vina Danks Relocatable Classroom Relocations	1,140,250	TBD
	<u>\$ 35,565,419</u>	



**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, 2021, the District made payments of \$4,391,075 and \$28,113,361 to ASCIP and SCSEBA, respectively.

**Note 15 - Restatement of Prior Year Net Position and Fund Balance**

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

	Non-Major Governmental Funds	Total Governmental Funds
Beginning Fund Balance previously reported at June 30, 2020	\$ 51,299,472	\$ 152,330,884
Reclassification of student activity funds from agency funds to a special revenue fund	<u>394,761</u>	<u>394,761</u>
Fund Balance - Beginning as restated July 1, 2020	<u><u>\$ 51,694,233</u></u>	<u><u>\$ 152,725,645</u></u>
Government-Wide Financial Statements		
Beginning Government-Wide Net Position previously reported at June 30, 2020		\$ 6,922,126
Reclassification of student activity funds from agency funds to a special revenue fund		<u>394,761</u>
Net Position - Beginning as restated July 1, 2020		<u><u>\$ 7,316,887</u></u>



Required Supplementary Information  
June 30, 2021

## Ontario-Montclair School District

**Ontario-Montclair School District**  
**Budgetary Comparison Schedule – General Fund**  
**Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variances -
	Original	Final	(GAAP Basis)	Positive (Negative) Final to Actual
<b>Revenues</b>				
Local Control Funding Formula	\$ 198,431,427	\$ 215,526,297	\$ 215,692,633	\$ 166,336
Federal sources	23,519,669	46,752,074	46,123,948	(628,126)
Other State sources	34,478,960	54,165,486	47,665,386	(6,500,100)
Other local sources	2,758,996	4,752,695	7,441,633	2,688,938
<b>Total revenues <sup>1</sup></b>	<b>259,189,052</b>	<b>321,196,552</b>	<b>316,923,600</b>	<b>(4,272,952)</b>
<b>Expenditures</b>				
Current				
Certificated salaries	119,932,377	121,066,061	122,186,477	(1,120,416)
Classified salaries	43,312,853	42,337,493	43,690,044	(1,352,551)
Employee benefits	74,531,980	73,501,780	73,348,924	152,856
Books and supplies	8,073,392	20,861,777	19,361,911	1,499,866
Services and operating expenditures	24,996,996	26,932,438	24,901,098	2,031,340
Other outgo	(307,045)	(267,922)	(400,858)	132,936
Capital outlay	1,397,300	7,507,539	7,490,225	17,314
<b>Total expenditures <sup>1</sup></b>	<b>271,937,853</b>	<b>291,939,166</b>	<b>290,577,821</b>	<b>1,361,345</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(12,748,801)</b>	<b>29,257,386</b>	<b>26,345,779</b>	<b>(2,911,607)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	131,694	131,694	-	(131,694)
Transfers out	(8,026,956)	(6,041,003)	(7,880,760)	(1,839,757)
<b>Net Financing Sources (Uses)</b>	<b>(7,895,262)</b>	<b>(5,909,309)</b>	<b>(7,880,760)</b>	<b>(1,971,451)</b>
<b>Net Change in Fund Balance</b>	<b>(20,644,063)</b>	<b>23,348,077</b>	<b>18,465,019</b>	<b>(4,883,058)</b>
<b>Fund Balance - Beginning</b>	<b>83,894,191</b>	<b>83,894,191</b>	<b>83,894,191</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 63,250,128</b>	<b>\$ 107,242,268</b>	<b>\$ 102,359,210</b>	<b>\$ (4,883,058)</b>

<sup>1</sup> 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.

**Ontario-Montclair School District**  
**Schedule of Changes in the District's Net OPEB Liability and Related Ratios**  
**Year Ended June 30, 2021**

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 3,475,995	\$ 4,807,935	\$ 4,452,642	\$ 4,333,471
Interest	2,027,086	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	(4,362,884)	(2,661,499)	1,184,177	-
Benefit payments	(2,354,303)	(2,214,414)	(2,131,797)	(2,052,996)
Net change in total OPEB liability	(1,214,106)	(487,707)	5,491,699	4,257,475
Total OPEB Liability - Beginning	58,469,129	58,956,836	53,465,137	49,207,662
Total OPEB Liability - Ending (a)	<u>\$ 57,255,023</u>	<u>\$ 58,469,129</u>	<u>\$ 58,956,836</u>	<u>\$ 53,465,137</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 2,351,312	\$ 2,205,050	\$ 2,122,812	\$ 2,044,357
Net investment income	2,507,038	174,650	628,425	594,975
Benefit payments	(2,351,312)	(2,205,050)	(2,122,812)	(2,044,357)
Administrative expense	(89,667)	(57,960)	(102,432)	(73,248)
Net change in plan fiduciary net position	2,417,371	116,690	525,993	521,727
Plan Fiduciary Net Position - Beginning	10,213,026	10,096,336	9,570,343	9,048,616
Plan Fiduciary Net Position - Ending (b)	<u>\$ 12,630,397</u>	<u>\$ 10,213,026</u>	<u>\$ 10,096,336</u>	<u>\$ 9,570,343</u>
District's Net OPEB Liability - Ending (a) - (b)	<u>\$ 44,624,626</u>	<u>\$ 48,256,103</u>	<u>\$ 48,860,500</u>	<u>\$ 43,894,794</u>
Plan Fiduciary Net Position As A Percentage Of The Total OPEB Liability	22.06%	17.47%	17.12%	17.90%
Covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Net OPEB Liability As A Percentage of Covered Payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

<sup>1</sup> 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.

Ontario-Montclair School District  
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program  
Year Ended June 30, 2021

Year ended June 30,	2021	2020	2019	2018
Proportion of the net OPEB liability	0.3898%	0.3842%	0.3831%	0.3925%
Proportionate share of the net OPEB liability	\$ 1,651,998	\$ 1,430,902	\$ 1,466,503	\$ 1,651,288
Covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Proportionate share of the net OPEB liability as a percentage of its covered payroll	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A <sup>1</sup>
Plan fiduciary net position as a percentage of the total OPEB liability	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

<sup>1</sup> 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.

**Ontario-Montclair School District**  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>CalSTRS</b>				
Proportion of the net pension liability	<u>0.2237%</u>	<u>0.2172%</u>	<u>0.2135%</u>	<u>0.2168%</u>
Proportionate share of the net pension liability	\$ 216,803,431	\$ 196,172,158	\$ 196,180,406	\$ 200,497,590
State's proportionate share of the net pension liability	<u>111,762,194</u>	<u>107,025,009</u>	<u>112,322,458</u>	<u>118,612,680</u>
Total	<u>\$ 328,565,625</u>	<u>\$ 303,197,167</u>	<u>\$ 308,502,864</u>	<u>\$ 319,110,270</u>
Covered payroll	<u>\$ 119,092,556</u>	<u>\$ 115,381,413</u>	<u>\$ 115,359,369</u>	<u>\$ 111,330,723</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>182%</u>	<u>170%</u>	<u>170%</u>	<u>180%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72%</u>	<u>73%</u>	<u>71%</u>	<u>69%</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
<b>CalPERS</b>				
Proportion of the net pension liability	<u>0.3154%</u>	<u>0.3218%</u>	<u>0.3299%</u>	<u>0.3225%</u>
Proportionate share of the net pension liability	<u>\$ 96,764,918</u>	<u>\$ 93,775,316</u>	<u>\$ 87,957,904</u>	<u>\$ 76,990,174</u>
Covered payroll	<u>\$ 45,758,146</u>	<u>\$ 41,740,643</u>	<u>\$ 43,384,805</u>	<u>\$ 41,362,673</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>211%</u>	<u>225%</u>	<u>203%</u>	<u>186%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>70%</u>	<u>71%</u>	<u>72%</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

**Ontario-Montclair School District**  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Year Ended June 30, 2021

	2017	2016	2015
<b>CalSTRS</b>			
Proportion of the net pension liability	0.2289%	0.2340%	0.2068%
Proportionate share of the net pension liability	\$ 185,121,927	\$ 157,517,723	\$ 120,833,772
State's proportionate share of the net pension liability	105,386,611	83,309,511	72,964,648
Total	<u>\$ 290,508,538</u>	<u>\$ 240,827,234</u>	<u>\$ 193,798,420</u>
Covered payroll	<u>\$ 109,833,607</u>	<u>\$ 109,831,644</u>	<u>\$ 102,526,352</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	169%	143%	118%
Plan fiduciary net position as a percentage of the total pension liability	70%	74%	77%
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014
<b>CalPERS</b>			
Proportion of the net pension liability	0.3175%	0.3255%	0.2986%
Proportionate share of the net pension liability	<u>\$ 62,713,529</u>	<u>\$ 47,986,310</u>	<u>\$ 33,902,574</u>
Covered payroll	<u>\$ 37,662,725</u>	<u>\$ 36,038,807</u>	<u>\$ 31,433,076</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	167%	133%	108%
Plan fiduciary net position as a percentage of the total pension liability	74%	79%	83%
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014

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

Ontario-Montclair School District  
Schedule of the District Contributions  
Year Ended June 30, 2021

	2021	2020	2019	2018
<b>CalSTRS</b>				
Contractually required contribution	\$ 18,873,565	\$ 20,364,827	\$ 18,784,094	\$ 16,646,357
Contributions in relation to the contractually required contribution	<u>18,873,565</u>	<u>20,364,827</u>	<u>18,784,094</u>	<u>16,646,357</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's payroll	<u>\$ 116,864,180</u>	<u>\$ 119,092,556</u>	<u>\$ 115,381,413</u>	<u>\$ 115,359,369</u>
Contributions as a percentage of covered payroll	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>
<b>CalPERS</b>				
Contractually required contribution	\$ 9,388,460	\$ 9,023,964	\$ 7,539,195	\$ 6,738,094
Contributions in relation to the contractually required contribution	<u>9,388,460</u>	<u>9,023,964</u>	<u>7,539,195</u>	<u>6,738,094</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's payroll	<u>\$ 45,354,879</u>	<u>\$ 45,758,146</u>	<u>\$ 41,740,643</u>	<u>\$ 43,384,805</u>
Contributions as a percentage of covered payroll	<u>20.700%</u>	<u>19.721%</u>	<u>18.062%</u>	<u>15.531%</u>

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



Ontario-Montclair School District  
Schedule of the District Contributions  
Year Ended June 30, 2021

	2017	2016	2015
<b>CalSTRS</b>			
Contractually required contribution	\$ 14,005,405	\$ 11,785,146	\$ 9,753,050
Contributions in relation to the contractually required contribution	<u>14,005,405</u>	<u>11,785,146</u>	<u>9,753,050</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	<u>\$ 111,330,723</u>	<u>\$ 109,833,607</u>	<u>\$ 109,831,644</u>
Contributions as a percentage of covered payroll	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
<b>CalPERS</b>			
Contractually required contribution	\$ 5,744,448	\$ 4,461,903	\$ 4,242,128
Contributions in relation to the contractually required contribution	<u>5,744,448</u>	<u>4,461,903</u>	<u>4,242,128</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	<u>\$ 41,362,673</u>	<u>\$ 37,662,725</u>	<u>\$ 36,038,807</u>
Contributions as a percentage of covered payroll	<u>13.888%</u>	<u>11.847%</u>	<u>11.771%</u>

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 States of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

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

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

At June 30, 2021, the following District major fund exceeded the budgeted amount in total as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund	<u>\$ 297,980,169</u>	<u>\$ 298,458,581</u>	<u>\$ 478,412</u>

### 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 inflation rate was changed from 2.75% to 2.50% and the rate of investment return assumption was changed from 3.40% to 4.36% since the previous valuation.
  - The Grantor Trust plan inflation rate was changed from 2.75% to 2.50% and the rate of investment return assumption was changed from 5.00% to 4.75% since the previous valuation.
  - The Board of Trustees plan discount rate changed from 2.20% to 2.16% since the previous valuation.

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

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

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

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

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

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

#### **Schedule of District Contributions**

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



Supplementary Information  
June 30, 2021

**Ontario-Montclair School District**

Ontario-Montclair School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed through the California Department of Education (CDE)			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 8,008,284
School Improvement Funding for LEAs	84.010	15438	<u>411,652</u>
Subtotal			<u>8,419,936</u>
Title II, Part A, Supporting Effective Instruction	84.367	14341	771,265
Title III, English Learner Student Program	84.365	14346	556,793
Title IV, Part A, Student Support and Academic			
Enrichment Grant	84.424	15396	540,522
Title IX, Part A, McKinney-Vento Homeless Assistance Grants	84.196	14332	189,000
Title IV, Part B, 21st Century Community Learning			
Centers Program	84.287	14349	218,151
Early Intervention Grants	84.181	23761	31,105
Special Education (IDEA) Cluster			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	3,799,779
Preschool Grants, Part B, Sec 619 (Age 3-4-5)	84.173	13430	82,315
Preschool Grant Staff Development, Part B, Sec 619	84.173A	13431	1,482
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	<u>226,767</u>
Subtotal Special Education (IDEA) Cluster			<u>4,110,343</u>
COVID-19 Education Stabilization Fund			
COVID-19 Governor's Emergency Education Relief (GEER)			
Fund: Learning Loss Mitigation	84.425C	15517	1,342,313
COVID-19 Elementary and Secondary School Emergency			
Relief (ESSER) Fund	84.425D	15536	6,968,843
COVID-19 Elementary and Secondary School Emergency			
Relief II (ESSER II) Fund	84.425D	15547	385,839
COVID-19 CARES Act Supplemental Meal Reimbursement	84.425D	15535	<u>575,353</u>
Subtotal			<u>9,272,348</u>
Total U.S. Department of Education			<u>24,109,463</u>
U.S. Department of Treasury			
Passed through CDE			
COVID-19 Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	25516	21,873,059
Passed through San Bernardino County Superintendent of Schools (SBCSS)			
COVID-19 Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	25516	491,928
Passed through County of San Bernardino			
COVID-19 Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	25516	<u>224,851</u>
Subtotal COVID-19 Coronavirus Relief Fund (CRF):			
Learning Loss Mitigation			<u>22,589,838</u>
Total U.S. Department of Treasury			<u>22,589,838</u>

Ontario-Montclair School District  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Passed through San Bernardino County Superintendent of Schools			
Child Care and Development Fund Cluster			
Child Care Initiative Project/Resource & Referral Contracts	93.575	13942	\$ 35,736
Subtotal - Child Care and Development Fund Cluster			<u>35,736</u>
Passed through County of San Bernardino Human Services System			
Head Start	93.600	14646	<u>218,727</u>
Total U.S. Department of Health and Human Services			<u>254,463</u>
U.S. Department of Agriculture			
Passed through the CDE			
Child Nutrition Cluster			
National School Lunch Program - Section 4	10.555	13523	552,493
National School Lunch Program - Section 11	10.555	13524	4,183,166
School Breakfast Program	10.553	13525	425
School Breakfast Program Severe Need	10.553	13526	2,966,881
Food Distribution	10.555	13396	<u>1,031,725</u>
Subtotal Child Nutrition Cluster			<u>8,734,690</u>
Child and Adult Care Food Program	10.558	13666	<u>4,558,587</u>
Total U.S. Department of Agriculture			<u>13,293,277</u>
Total Federal Financial Assistance			<u>\$ 60,247,041</u>

## 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, a community day school, an independent study program, and a child care program. There were no boundary changes during the year.

## Governing Board

MEMBER	OFFICE	TERM EXPIRES
Elvia M. Rivas	President	2022
Kristen “Kris” Brake	Vice President	2022
Sonia Alvarado	Clerk	2022
Sarah S. Galvez	Member	2024
Flora Martinez	Member	2024

## Administration

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

# Ontario-Montclair School District

Schedule of Instructional Time

Year Ended June 30, 2021

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



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

Ontario-Montclair School District  
Schedule of Financial Trends and Analysis  
Year Ended June 30, 2021

	(Budget) 2022 <sup>1</sup>	2021	2020	2019
General Fund <sup>3</sup>				
Revenues	\$ 329,001,704	\$ 316,591,486	\$ 281,199,197	\$ 288,112,075
Other sources	131,694	131,694	2,419,229	7,713,340
Total revenues and other sources	<u>329,133,398</u>	<u>316,723,180</u>	<u>283,618,426</u>	<u>295,825,415</u>
Expenditures	343,380,418	290,577,821	279,739,432	281,468,496
Other uses	<u>3,517,222</u>	<u>7,880,760</u>	<u>2,991,854</u>	<u>11,933,243</u>
Total expenditures and other uses	<u>346,897,640</u>	<u>298,458,581</u>	<u>282,731,286</u>	<u>293,401,739</u>
Increase (Decrease) in Fund Balance	<u>\$ (17,764,242)</u>	<u>\$ 18,264,599</u>	<u>\$ 887,140</u>	<u>\$ 2,423,676</u>
Ending Fund Balance	<u>\$ 58,015,031</u>	<u>\$ 75,779,273</u>	<u>\$ 57,514,674</u>	<u>\$ 56,627,534</u>
Available Reserves <sup>2</sup>	<u>\$ 10,406,936</u>	<u>8,953,758</u>	<u>8,481,939</u>	<u>\$ 8,802,053</u>
Available Reserves as a Percentage of Total Outgo	<u>3.0%</u>	<u>3.1%</u>	<u>3.1%</u>	<u>3.1%</u>
Long-Term Liabilities including OPEB and Pension	<u>N/A</u>	<u>\$ 487,879,388</u>	<u>\$ 472,257,366</u>	<u>\$ 491,603,549</u>
K-12 Average Daily Attendance at P-2	<u>18,064</u>	<u>19,390</u>	<u>19,390</u>	<u>19,844</u>

The General Fund balance has increased by \$19,151,739 over the past two years. The fiscal year 2021-2022 budget projects a decrease of \$17,764,242 (23%). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures and other uses (total outgo).

The District has incurred operating surpluses in each of the past three years but anticipates incurring an operating deficit during the 2021-2022 fiscal year. Total long-term liabilities have decreased by \$3,724,161 over the past two years.

Average daily attendance has decreased by 454 over the past two years. An additional decline of 1,326 ADA is anticipated during fiscal year 2021-2022.

<sup>1</sup> Budget 2022 is included for analytical purposes only and has not been subjected to audit.

<sup>2</sup> 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.

<sup>3</sup> 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

Ontario-Montclair School District  
Combining Balance Sheet – Non-Major Governmental Funds  
June 30, 2021

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Building Fund
<b>Assets</b>					
Deposits and investments	\$ 375,221	\$ 269,404	\$ 1,746,444	\$ 258	\$ 19,437,847
Receivables	-	478,844	2,642,925	1	59,068
Due from other funds	-	94,233	36,936	-	-
Stores inventories	-	-	577,798	-	-
<b>Total assets</b>	<b>\$ 375,221</b>	<b>\$ 842,481</b>	<b>\$ 5,004,103</b>	<b>\$ 259</b>	<b>\$ 19,496,915</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 242,034	\$ 487,891	\$ -	\$ 1,796,055
Due to other funds	-	198,877	138,207	-	-
<b>Total liabilities</b>	<b>-</b>	<b>440,911</b>	<b>626,098</b>	<b>-</b>	<b>1,796,055</b>
<b>Fund balances</b>					
Nonspendable	-	-	614,348	-	-
Restricted	375,221	178,402	3,763,657	-	17,700,860
Committed	-	-	-	259	-
Assigned	-	223,168	-	-	-
<b>Total fund balances</b>	<b>375,221</b>	<b>401,570</b>	<b>4,378,005</b>	<b>259</b>	<b>17,700,860</b>
<b>Total liabilities and fund balances</b>	<b>\$ 375,221</b>	<b>\$ 842,481</b>	<b>\$ 5,004,103</b>	<b>\$ 259</b>	<b>\$ 19,496,915</b>

Ontario-Montclair School District  
Combining Balance Sheet – Non-Major Governmental Funds  
June 30, 2021

	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
<b>Assets</b>				
Deposits and investments	\$ 2,152,281	\$ 5,520,835	\$ 8,597,031	\$ 38,099,321
Receivables	123,293	12,415	-	3,316,546
Due from other funds	-	-	-	131,169
Stores inventories	-	-	-	577,798
<b>Total assets</b>	<b>\$ 2,275,574</b>	<b>\$ 5,533,250</b>	<b>\$ 8,597,031</b>	<b>\$ 42,124,834</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 53,858	\$ -	\$ -	\$ 2,579,838
Due to other funds	362	-	-	337,446
<b>Total liabilities</b>	<b>54,220</b>	<b>-</b>	<b>-</b>	<b>2,917,284</b>
<b>Fund balances</b>				
Nonspendable	-	-	-	614,348
Restricted	2,221,354	5,533,250	8,597,031	38,369,775
Committed	-	-	-	259
Assigned	-	-	-	223,168
<b>Total fund balances</b>	<b>2,221,354</b>	<b>5,533,250</b>	<b>8,597,031</b>	<b>39,207,550</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,275,574</b>	<b>\$ 5,533,250</b>	<b>\$ 8,597,031</b>	<b>\$ 42,124,834</b>

# Ontario-Montclair School District

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds Year Ended June 30, 2021

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Building Fund
<b>Revenues</b>					
Federal sources	\$ -	\$ 432,517	\$ 13,868,630	\$ -	\$ -
Other state sources	-	3,299,444	741,395	-	-
Other local sources	31,033	112,090	527,227	5	483,212
<b>Total revenues</b>	<b>31,033</b>	<b>3,844,051</b>	<b>15,137,252</b>	<b>5</b>	<b>483,212</b>
<b>Expenditures</b>					
Current					
Instruction	-	3,077,795	-	-	-
Instruction-related activities					
Supervision of instruction	-	299,824	-	-	-
School site administration	-	136,970	-	-	-
Pupil services					
Food services	-	-	14,540,249	-	-
All other pupil services	-	19,482	-	-	-
Administration					
All other administration	-	172,501	763,781	-	-
Plant services	-	609	756,816	-	-
Ancillary services	50,573	-	-	-	-
Facility acquisition and construction	-	-	-	-	13,581,669
Debt service					
Principal	-	-	-	-	-
Interest and other	-	-	-	-	-
<b>Total expenditures</b>	<b>50,573</b>	<b>3,707,181</b>	<b>16,060,846</b>	<b>-</b>	<b>13,581,669</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>(19,540)</b>	<b>136,870</b>	<b>(923,594)</b>	<b>5</b>	<b>(13,098,457)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	76,881	-	-	-
<b>Net Change in Fund Balances</b>	<b>(19,540)</b>	<b>213,751</b>	<b>(923,594)</b>	<b>5</b>	<b>(13,098,457)</b>
<b>Fund Balances - Beginning, as restated</b>	<b>394,761</b>	<b>187,819</b>	<b>5,301,599</b>	<b>254</b>	<b>30,799,317</b>
<b>Fund Balances - Ending</b>	<b>\$ 375,221</b>	<b>\$ 401,570</b>	<b>\$ 4,378,005</b>	<b>\$ 259</b>	<b>\$ 17,700,860</b>

# Ontario-Montclair School District

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds Year Ended June 30, 2021

	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues				
Federal sources	\$ -	\$ -	\$ -	\$ 14,301,147
Other state sources	-	5,426,803	45,584	9,513,226
Other local sources	966,687	65,225	7,528,718	9,714,197
Total revenues	966,687	5,492,028	7,574,302	33,528,570
Expenditures				
Current				
Instruction	-	-	-	3,077,795
Instruction-related activities				
Supervision of instruction	-	-	-	299,824
School site administration	-	-	-	136,970
Pupil services				
Food services	-	-	-	14,540,249
All other pupil services	-	-	-	19,482
Administration				
All other administration	18,555	-	-	954,837
Plant services	26,507	-	-	783,932
Ancillary services	-	-	-	50,573
Facility acquisition and construction	3,095,499	7,791	-	16,684,959
Debt service				
Principal	-	-	5,035,000	5,035,000
Interest and other	-	-	4,508,513	4,508,513
Total expenditures	3,140,561	7,791	9,543,513	46,092,134
Excess (Deficiency) of Revenues over Expenditures	(2,173,874)	5,484,237	(1,969,211)	(12,563,564)
Other Financing Sources (Uses)				
Transfers in	-	-	-	76,881
Net Change in Fund Balances	(2,173,874)	5,484,237	(1,969,211)	(12,486,683)
Fund Balances - Beginning, as restated	4,395,228	49,013	10,566,242	51,694,233
Fund Balances - Ending	\$ 2,221,354	\$ 5,533,250	\$ 8,597,031	\$ 39,207,550

## 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, 2021. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the 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, 2021, the District had insignificant food commodity balances in inventory.

#### SEFA Reconciliation

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

	Federal Financial Assistance Listing/Federal CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures, and Changes in Fund Balances		\$ 60,425,095
COVID-19 Child Development: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend	93.575	(178,054)
Total Federal Financial Assistance		<u>\$ 60,247,041</u>

#### **Local Education Agency Organization Structure**

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

#### **Schedule of Instructional Time**

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

#### **Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the 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, 2021

# Ontario-Montclair School District



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

To the Governing Board  
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, 2021, 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 28, 2022.

**Emphasis of Matter – Change in Accounting Principle**

As discussed in Notes 1 and 15 to the financial statements, Ontario-Montclair School District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered 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.

### **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*.

### **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.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California  
January 28, 2022



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

To the Governing Board  
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, 2021. 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.

### **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, 2021.

### **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.



Rancho Cucamonga, California  
January 28, 2022



## Independent Auditor's Report on State Compliance

To the Governing Board  
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 *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the state laws and regulations listed in the table below for the year ended June 30, 2021.

### Management's Responsibility

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

### Auditor's Responsibility

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

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

### Compliance Requirements Tested

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

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

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

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 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 California Clean Energy Jobs Act***

As described in the accompanying *Schedule of State Compliance Findings and Questioned Costs* as item 2021-001, Ontario-Montclair School District did not comply with requirements regarding California Clean Energy Jobs Act. Compliance with such requirements is necessary, in our opinion, for Ontario-Montclair School District to comply with the requirements applicable to that program.

***Qualified Opinion on California Clean Energy Jobs Act***

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, 2021.

Ontario-Montclair School District's response to the noncompliance finding identified in our audit is 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, in all material respects, with the laws and regulations of the state programs referred to above for the year ended June 30, 2021, 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 *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



Rancho Cucamonga, California  
January 28, 2022





Schedule of Findings and Questioned Costs  
June 30, 2021

## 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 Uniform Guidance 2 CFR 200.516(a)	No

**Identification of major programs**

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing/ Federal CFDA Number</u>
COVID-19 Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D
COVID-19 CARES Act Supplemental Meal Reimbursement	84.425D
COVID-19 Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019
Dollar threshold used to distinguish between Type A and Type B programs:	\$1,807,411
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:

<u>Name of Program</u>
California Clean Energy Jobs Act

None reported.

None reported.

The following finding represents an instance of noncompliance and/or questioned cost 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
2021-001	40000	

Criteria or Specific Requirements

Public Resources Code, Section 26240(b) states that as a condition of receiving funds from the Clean Energy Job Creation Fund, an entity must submit a final project completion report to the California Energy Commission within 12 to 15 months of a given project's completion date.

Condition

The District completed a clean energy project in July 2020, which required the submission of a final project completion report to the California Energy Commission by October 2021 at the latest. Through inquiry with District personnel, the final project completion report has not yet been submitted.

Questioned Costs

There were no questioned costs identified.

Context

The condition was identified as a result of inquiry with the District's Business Services personnel and through review of supporting documents.

Effect

Due to the untimely submission of the final project completion reports, the District has not met the report submission requirements of Public Resources Code, Section 26240(b).

Cause

It appears the cause was a result of insufficient monitoring over the third party that was responsible for submitting the report.

Repeat Finding

No

Recommendation

It is recommended that the District submit the final project completion reports to the California Energy Commission.

Corrective Action Plan/View of Responsible Officials

We are continuing to work with the vendor, providing the data and documents necessary for completion of the 2020-2021 Final Prop 39 Report. This report will encompass the final phase of Prop 39 projects for Ontario-Montclair School District. Therefore, we do not anticipate this being an issue of concern in subsequent fiscal years.

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

### State Compliance Findings

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.

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.

Current Status

This compliance section was suspended for 2020-2021, as identified on the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Therefore, we did not perform procedures related to the District's compliance with this requirement for 2020-2021.