2021-2022 Financial Audit Report

Ontario-Montclair School District

950 West D Street

Ontario, CA 91762

www.omsd.net

Board Approved: February 16, 2023

Financial Statements
June 30, 2022

Ontario-Montclair School District

Independent Auditor's Report

To the Governing Board
Ontario-Montclair School District
Ontario, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ontario-Montclair School District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, 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.

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Note 1 and Note 15 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's net OPEB liability and related ratios, schedule of the District's proportionate share of the net OPEB liability – MPP program, schedule of the District's proportionate share of the net pension liability, and schedule of the District's contributions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
December 13, 2022

Ontario-Montclair
School District

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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, 2022, with comparative information from the fiscal year ending June 30, 2021. 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 the governmental fund financial statements.

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 $54,733,360 for the fiscal year ended June 30, 2022. Of this amount, $(194,911,369) 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	
	2022	2021 as restated
Assets		
Current and other assets	$ 254,013,042	$ 236,430,573
Capital assets and right-to-use leased assets	285,192,884	278,450,614
Total assets	539,205,926	514,881,187
Deferred outflows of resources	62,280,950	72,710,681
Liabilities		
Current liabilities	65,130,807	55,465,200
Long-term liabilities other than OPEB and Pension	127,045,261	129,418,366
Net other postemployment benefits (OPEB) liability	54,400,619	46,276,624
Aggregate net pension liability	162,501,239	313,568,349
Total liabilities	409,077,926	544,728,539
Deferred inflows of resources	137,675,590	27,049,217
Net Position		
Net investment in capital assets	173,099,767	178,127,154
Restricted	76,544,962	56,961,341
Unrestricted (deficit)	(194,911,369)	(219,274,383)
Total net position	$ 54,733,360	$ 15,814,112

The $(194,911,369) 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 16. 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	
	2022	2021 *
Revenues		
Program revenues		
Charges for services and sales	$ 1,990,241	$ 1,882,861
Operating grants and contributions	100,491,706	112,457,664
Capital grants and contributions	-	5,492,027
General revenues		
Federal and State aid not restricted	212,181,898	194,510,393
Property taxes	35,683,873	26,761,631
Other general revenues	7,957,527	25,774,462
Total revenues	358,305,245	366,879,038
Expenses		
Instruction-related	222,108,284	263,622,342
Pupil services	41,662,000	41,013,041
Administration	20,337,532	19,716,228
Plant services	27,891,704	28,282,066
All other services	7,386,477	5,748,136
Total expenses	319,385,997	358,381,813
Change in net position	$ 38,919,248	$ 8,497,225

* The revenues and expenses for fiscal year 2021 were not restated to show the effects of GASB 87 for comparative purposes.

Governmental Activities

As reported in the Statement of Activities on page 16, the cost of all of our governmental activities this year was $319,385,997. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $35,683,873, because the cost was paid by those who benefited from the programs ($1,990,241) or by other governments and organizations who subsidized certain programs with grants and contributions ($100,491,706). We paid for the remaining "public benefit" portion of our governmental activities with $220,139,425 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.

	2022		2021 *	
	Total Cost of Services	Net Cost/ (Revenues) of Services	Total Cost of Services	Net Cost/ (Revenues) of Services
Instruction-related	$ 222,108,284	$ (156,458,527)	$ 263,622,342	$ (186,197,146)
Pupil services	41,662,000	(20,058,861)	41,013,041	(18,682,685)
Administration	20,337,532	(10,762,053)	19,716,228	(7,800,037)
Plant services	27,891,704	(24,951,545)	28,282,066	(22,345,363)
All other services	7,386,477	(4,673,064)	5,748,136	(3,524,030)
Total	$ 319,385,997	$ (216,904,050)	$ 358,381,813	$ (238,549,261)

* The total and net cost of services for fiscal year 2021 were not restated to show the effects of GASB 87 for comparative purposes.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $170,672,679, which is an increase of $6,581,260, or 4.0% from last year (Table 4).

Table 4

	Balances and Activity			
	July 1, 2021	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2022
General Fund	$ 102,359,210	$ 340,986,714	$ 320,424,822	$ 122,921,102
Student Activity Fund	375,221	722,449	684,709	412,961
Child Development Fund	401,570	4,189,014	4,236,036	354,548
Cafeteria Fund	4,378,005	16,037,627	15,378,958	5,036,674
Deferred Maintenance Fund	259	(5)	-	254
Building Fund	17,700,860	(82,793)	15,722,527	1,895,540
Capital Facilities Fund	2,221,354	1,289,463	498,669	3,012,148
County School Facilities Fund	5,533,250	(81,091)	152,114	5,300,045
Special Reserve Fund for Capital Outlay Projects	22,524,659	2,619,633	2,112,136	23,032,156
Bond Interest and Redemption Fund	8,597,031	7,726,026	7,615,806	8,707,251
Total	$ 164,091,419	$ 373,407,037	$ 366,825,777	$ 170,672,679

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, 2022. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 77.)

As is typical of any fiscal year, revisions were made to the 2021-2022 Budget due to State budget updates, changes in student enrollment and attendance, changes to Federal, State, and Local grant awards, and other revisions to revenue and expenditure accounts as warranted by changing conditions, such as collective bargaining settlements.

CAPITAL ASSET, RIGHT-TO-USE LEASED ASSETS, AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the District had a carrying value of $285,192,884 in a broad range of capital assets (net of depreciation) and right-to-use leased assets (net of amortization), including land, buildings, furniture and equipment, and vehicles. This amount represents a net increase (including additions, deductions, depreciation and amortization) of $6,742,270 or 2.4%, from last year.

	Governmental Activities	
	2022	2021 as restated
Land and construction in progress	$ 38,062,118	$ 26,379,202
Buildings and improvements	241,575,909	245,944,629
Equipment	4,602,484	4,742,832
Right-to-use leased assets	952,373	1,383,951
Total	$ 285,192,884	$ 278,450,614

Several capital projects are planned for the 2021-2022 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 $127,045,261 in long-term liabilities other than OPEB and pension outstanding versus $129,418,366 last year, resulting in a decrease of $2,373,105, or 1.8%, from last year. Those long-term liabilities consisted of:

	Governmental Activities	
	2022	2021 as restated
General obligation bonds - net (financed with property taxes)	$ 121,370,245	$ 124,187,961
Compensated absences	3,367,844	3,290,253
Leases	971,332	1,383,951
Claims liability	775,790	505,242
SELF workers' compensation assessment	25,515	50,959
SELF Assembly Bill 218 (AB 218) assessment	534,535	-
Total	$ 127,045,261	$ 129,418,366

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 $54,400,619 versus $46,276,624 last year, resulting in an increase of $8,123,995, or 17.6%, from last year.

In addition, at year end, the District had an aggregate net pension liability $162,501,239 versus $313,568,349 last year, resulting in a decrease of $151,067,110, or 48.2%, from last year.

We present more detailed information regarding our OPEB and pension liabilities in Note 9 and Note 12 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget, for the 2022-2023 year, which was adopted on June 16, 2022, 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 2022-2023:
   a. 2022-2023: 17,633 Estimated P-2
   b. 2021-2022: 18,433 Actual P-2
   c. 2020-2021: 19,390 Actual P-2

B. Revenue Assumptions

1. Local Control Funding Formula (LCFF) is budgeted to increase to $251.7 million:
   a. Cost of Living Adjustment (COLA) of 6.56% and an increase to the LCFF base of 3%. Note: The LCFF base increased to 6.70% after budget adoption and is reflected in First Interim Budget reporting.
   b. A three-year rolling average unduplicated pupil percentage of 88.06%, the count of pupils who are English Learner students, Free or Reduced-Price Meal students, and/or Foster Youth.
   c. Local property taxes of $25,846,909.

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. Federal, State, Local categorical grants along with entitlement programs are budgeted based on the expenditures spending plan.

D. Fund Balance

The total District budgeted 2022-2023 Ending Fund Balance is based on the District's 2021-2022 General Fund Estimated Actuals Report and 2022-2023 General Fund Adopted Budget Report. This balance is estimated to be $85.6 million, which includes but not limited to, Nonspendable balances of $1.1 million, Committed balances of $64.1 million, Restricted balances of $9.0 million, and an Economic Uncertainties balance of $11.4 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 (2022-2023) and two subsequent fiscal years (2023-2024 and 2024-2025).

F. Subsequent Budget Revisions

After the 2022-2023 Budget Adoption, the District has since submitted budget revisions reflecting the changes in LCFF revenue due to changes in projected enrollment, Unduplicated Pupil Count, changes in the funded ADA calculation, and the increase of the LCFF base to 6.70%. This resulted in LCFF revenue increasing to $260.7 million.

Budget revisions reflecting the inclusion of the new one-time Restricted funding for Arts, Music, and Instructional Materials Discretionary Block Grant, Learning Recovery Emergency Block Grant, and California Community School Partnership Program Implementation Grant (CCSPP) were also submitted, which represents approximately $91.1 million. Budget revisions reflecting the revised 2022-2023 Expanded Learning Opportunities Program (ELOP) were also submitted, which represents total funding of $33.9 million.

Lastly, budget revisions reflecting the 2022-2023 collective bargaining settlement agreements were also submitted.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Business Official, Mr. Phil Hillman, at Ontario-Montclair School District, 950 West D Street, Ontario, California 91762 or email at Phil.Hillman@omsd. net.

	Governmental Activities
Assets	
Deposits and investments	$ 213,123,371
Restricted assets - pension trust	6,384,683
Receivables	32,576,394
Prepaid expense	1,229,726
Stores inventories	698,868
Capital assets not depreciated	38,062,118
Capital assets, net of accumulated depreciation	246,178,393
Right-to-use leased assets, net of accumulated amortization	952,373
Total assets	539,205,926
Deferred Outflows of Resources	
Deferred charge on refunding	700,218
Deferred outflows of resources related to OPEB	6,337,443
Deferred outflows of resources related to pensions	55,243,289
Total deferred outflows of resources	62,280,950
Liabilities	
Accounts payable	48,447,719
Accrued interest payable	1,780,878
Unearned revenue	14,902,210
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	4,402,474
Long-term liabilities other than OPEB and pensions due in more than one year	122,642,787
Net other postemployment benefits (OPEB) liability	54,400,619
Aggregate net pension liabilities	162,501,239
Total liabilities	409,077,926
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	8,936,770
Deferred inflows of resources related to pensions	128,738,820
Total deferred inflows of resources	137,675,590
Net Position	
Net investment in capital assets	173,099,767
Restricted for	
Debt service	6,926,373
Capital projects	8,312,193
Educational programs	31,191,333
Self-insurance	18,654,594
Cafeteria	4,662,825
Other activities	412,961
Other restrictions - pension trust	6,384,683
Unrestricted (deficit)	(194,911,369)
Total net position	$ 54,733,360

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction	$ 196,144,754	$ 601,896	$ 57,414,604	$ (138,128,254)
Instruction-related activities				
Supervision of instruction	6,454,352	61,813	6,612,763	220,224
Instructional library, media, and technology	1,052,823	-	247,266	(805,557)
School site administration	18,456,355	7,814	703,601	(17,744,940)
Pupil services				
Home-to-school transportation	5,736,099	-	(3,176)	(5,739,275)
Food services	14,827,735	88,459	13,667,239	(1,072,037)
All other pupil services	21,098,166	255,935	7,594,682	(13,247,549)
Administration				
Data processing	8,861,841	-	4,050,803	(4,811,038)
All other administration	11,475,691	76,915	5,447,761	(5,951,015)
Plant services	27,891,704	11,867	2,928,292	(24,951,545)
Ancillary services	1,435,816	-	726,210	(709,606)
Enterprise services	554,218	-	200	(554,018)
Interest on long-term liabilities	4,889,686	-	-	(4,889,686)
Other outgo	506,757	885,542	1,101,461	1,480,246
Total governmental activities	$ 319,385,997	$ 1,990,241	$ 100,491,706	(216,904,050)
General Revenues and Subventions				
Property taxes, levied for general purposes				26,100,871
Property taxes, levied for debt service				7,824,646
Taxes levied for other specific purposes				1,758,356
Federal and State aid not restricted to specific purposes				212,181,898
Interest, investment earnings and change in fair market valuations				(3,216,041)
Miscellaneous				11,173,568
Total general revenues and subventions				255,823,298
Change in Net Position				38,919,248
Net Position - Beginning, as restated				15,814,112
Net Position - Ending				$ 54,733,360

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets			
Deposits and investments	$ 149,069,216	$ 47,113,119	$ 196,182,335
Restricted assets - pension trust	6,384,683	-	6,384,683
Receivables	27,982,076	4,534,249	32,516,325
Due from other funds	3,708,806	59,440	3,768,246
Prepaid expenditures	1,229,726	-	1,229,726
Stores inventories	361,569	337,299	698,868
Total assets	$ 188,736,076	$ 52,044,107	$ 240,780,183
Liabilities and Fund Balances			
Liabilities			
Accounts payable	$ 45,883,738	$ 2,533,857	$ 48,417,595
Due to other funds	5,029,026	1,758,673	6,787,699
Unearned revenue	14,902,210	-	14,902,210
Total liabilities	65,814,974	4,292,530	70,107,504
Fund balances			
Nonspendable	1,666,295	373,849	2,040,144
Restricted	37,576,016	23,990,770	61,566,786
Committed	19,065,484	254	19,065,738
Assigned	55,000,501	23,386,704	78,387,205
Unassigned	9,612,806	-	9,612,806
Total fund balances	122,921,102	47,751,577	170,672,679
Total liabilities and fund balances	$ 188,736,076	$ 52,044,107	$ 240,780,183

Total Fund Balance - Governmental Funds		$ 170,672,679
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	$ 461,411,933	
Accumulated depreciation is	(177,171,422)	
Net capital assets		284,240,511
Right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of right-to-use leased assets is	1,471,264	
Accumulated amortization is	(518,891)	
Net right-to-use leased assets		952,373
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.		(1,780,878)
An internal service fund is used by 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 in the statement of net position.		18,654,594
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)	700,218	
Net other postemployment benefits (OPEB) liability	6,337,443	
Aggregate net pension liability	55,243,289	
Total deferred outflows of resources		62,280,950
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	(8,936,770)	
Aggregate net pension liability	(128,738,820)	
Total deferred inflows of resources		(137,675,590)

Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		$ (162,501,239)
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.		(54,400,619)
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	$ (105,895,015)	
Unamortized premium	(7,822,528)	
Compensated absences (vacations)	(3,367,844)	
Leases	(971,332)	
In addition, the District has issued 'capital appreciation' general obligation bonds. The accretion of interest on the general obligation bonds to date is	(7,652,702)	
Total long-term liabilities		(125,709,421)
Total net position - governmental activities		$ 54,733,360

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Local control funding formula	$ 234,418,909	$ -	$ 234,418,909
Federal sources	36,365,589	15,683,883	52,049,472
Other State sources	67,114,041	4,205,771	71,319,812
Other local sources	3,000,862	9,525,667	12,526,529
Total revenues	340,899,401	29,415,321	370,314,722
Expenditures			
Current			
Instruction	208,022,681	3,460,845	211,483,526
Instruction-related activities			
Supervision of instruction	6,834,097	301,342	7,135,439
Instructional library, media, and technology	1,110,184	-	1,110,184
School site administration	20,666,440	158,019	20,824,459
Pupil services			
Home-to-school transportation	5,990,640	-	5,990,640
Food services	175,004	14,127,934	14,302,938
All other pupil services	23,412,724	20,933	23,433,657
Administration			
Data processing	9,074,936	-	9,074,936
All other administration	11,175,555	769,360	11,944,915
Plant services	26,219,396	821,455	27,040,851
Ancillary services	815,737	684,709	1,500,446
Other outgo	506,757	-	506,757
Enterprise services	855	-	855
Facility acquisition and construction	939,481	18,439,406	19,378,887
Debt service			
Principal	498,874	3,271,058	3,769,932
Interest and other	54,570	4,345,894	4,400,464
Total expenditures	315,497,931	46,400,955	361,898,886
Excess (Deficiency) of Revenues over Expenditures	25,401,470	(16,985,634)	8,415,836
Other Financing Sources (Uses)			
Transfers in	-	3,005,002	3,005,002
Other sources - proceeds from lease	87,313	-	87,313
Transfers out	(4,926,891)	-	(4,926,891)
Net Financing Sources (Uses)	(4,839,578)	3,005,002	(1,834,576)
Net Change in Fund Balances	20,561,892	(13,980,632)	6,581,260
Fund Balances - Beginning	102,359,210	61,732,209	164,091,419
Fund Balances - Ending	$ 122,921,102	$ 47,751,577	$ 170,672,679

Total Net Change in Fund Balances - Governmental Funds		$ 6,581,260
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 and amortization expenses in the Statement of Activities. This is the amount by which capital outlay exceeds depreciation and amortization expenses in the period.		
Capital outlay	$ 18,178,135	
Depreciation and amortization expense	(11,435,865)	
Net expense adjustment		6,742,270
Right-to-use assets acquired this year were financed with leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the leases are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.		(87,313)
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used.		(77,591)
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.		24,027,616
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows and net OPEB liability during the year.		(2,049,084)

Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		
General obligation bonds		$ 3,270,000
Leases		499,932
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	$ 444,565	
Amortization of deferred charges on refunding	(91,521)	
Combined adjustment		353,044
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 $54,583, and second, $896,849 of additional accumulated interest was accreted on the District's "capital appreciation" general obligation bonds.		(842,266)
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.		501,380
Change in net position of governmental activities		$ 38,919,248

	Governmental Activities - Internal Service Fund
Assets	
Current assets	
Deposits and investments	$ 16,941,036
Receivables	60,069
Due from other funds	4,969,586
Total current assets	21,970,691
Liabilities	
Current liabilities	
Accounts payable	30,124
Due to other funds	1,950,133
Current portion of claims liability	178,025
Total current liabilities	2,158,282
Noncurrent liabilities	
Noncurrent portion of claims liability and SELF assessments	1,157,815
Net Position	
Restricted	$ 18,654,594

	Governmental Activities - Internal Service Fund
Operating Revenues	
Charges to other funds and miscellaneous revenues	$ 4,710,522
Operating Expenses	
Payroll costs	61,919
Supplies and materials	90,026
Facility rental	16,530
Other operating cost	5,711,149
Total operating expenses	5,879,624
Operating loss	(1,169,102)
Non-Operating Revenues	
Fair market value adjustments	(377,889)
Interest income	126,482
Total non-operating revenues	(251,407)
Transfers in	1,921,889
Change in Net Position	501,380
Total Net Position - Beginning	18,153,214
Total Net Position - Ending	$ 18,654,594

	Governmental Activities - Internal Service Fund
Operating Activities	
Cash received from assessments made to other funds	$ 3,455,820
Cash payments to employees for services	(61,919)
Other operating cash payments	(106,556)
Cash payments for claims	(4,993,341)
Net Cash Used By Operating Activities	(1,705,996)
Investing Activities	
Fair market value adjustments	(377,889)
Interest on investments	126,482
Net Cash Used By Investing Activities	(251,407)
Transfers	
Transfer in from other funds	1,921,889
Net Decrease in Cash and Cash Equivalents	(35,514)
Cash and Cash Equivalents - Beginning	16,976,550
Cash and Cash Equivalents - Ending	$ 16,941,036
Reconciliation of Operating Loss to Net Cash used by Operating Activities	
Operating loss	$ (1,169,102)
Changes in assets and liabilities	
Receivables	(17,123)
Due from other funds	(1,455,328)
Accounts payable	(61,831)
Due to other funds	217,749
Claims liability and SELF assessments	779,639
Net Cash used by Operating Activities	$ (1,705,996)

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 childcare 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 a decrease in revenues and other financing sources of $1,200,733, and an increase in fund balance of $25,457,786.

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.).

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

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

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

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

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the 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, 2022, the balance of the trust was $6,384,683.

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.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2022.

The District records the value of intangible right-to-use assets based on the underlying leased asset in accordance with GASB Statement No. 87, *Leases*. The right-to-use intangible asset is amortized each year for the term of the contract.

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 0.004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

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, 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.

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.

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.

Leases

The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the lease term.

Fund Balances - Governmental Funds

As of June 30, 2022, 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 $76,544,962 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. 87

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The standard requires 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. The effect of the implementation of this standard on beginning net position is disclosed in Note 15 and the additional disclosures required by this standard is included in Note 8.

Implementation of GASB Statement No. 92

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

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

The requirements of this Statement are effective as follows:

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

The provisions of this Statement have been implemented as of June 30, 2022.

Implementation of GASB Statement No. 93

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

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

The provisions of this Statement have been implemented as of June 30, 2022.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2022, are classified in the accompanying financial statements as follows:

Governmental activities	$ 213,123,371

Deposits and investments as of June 30, 2022, consisted of the following:

Cash on hand and in banks	$ 622,961
Cash in revolving	111,550
Investments	212,388,860
Total deposits and investments	$ 213,123,371

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	$ 212,388,860	495

Credit Risk

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

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% 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, 2022, $28,479 of the District's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized and $277,264 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, 2022, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities
Federal Government				
Categorical aid	$ 21,788,067	$ 3,178,424	$ -	$ 24,966,491
State Government				
Categorical aid	2,922,073	398,000	-	3,320,073
Special education	1,889,120	-	-	1,889,120
Lottery	698,610	-	-	698,610
Local Government				
Interest	206,610	90,158	36,988	333,756
Other Local Sources				
Other	477,596	867,667	23,081	1,368,344
Total	$ 27,982,076	$ 4,534,249	$ 60,069	$ 32,576,394

Note 4 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Balance July 1, 2021 as restated	Additions	Deductions	Balance June 30, 2022
Governmental Activities				
Capital assets not being depreciated				
Land	$ 6,160,798	$ -	$ -	$ 6,160,798
Construction in progress	20,218,404	15,330,433	(3,647,517)	31,901,320
Total capital assets not being depreciated	26,379,202	15,330,433	(3,647,517)	38,062,118
Capital assets being depreciated				
Buildings and improvements	368,467,769	5,517,677	-	373,985,446
Site improvements	25,585,524	205,567	-	25,791,091
Furniture and equipment	23,128,019	684,662	(239,403)	23,573,278
Total capital assets being depreciated	417,181,312	6,407,906	(239,403)	423,349,815
Total capital assets	443,560,514	21,738,339	(3,886,920)	461,411,933
Less accumulated depreciation				
Buildings and improvements	(135,056,651)	(9,251,472)	-	(144,308,123)
Site improvements	(13,052,013)	(840,492)	-	(13,892,505)
Furniture and equipment	(18,385,187)	(825,010)	239,403	(18,970,794)
Total accumulated depreciation	(166,493,851)	(10,916,974)	239,403	(177,171,422)
Net depreciable capital assets	250,687,461	(4,509,068)	-	246,178,393
Right-to-use leased assets being amortized				
Buildings and improvements	380,511	-	-	380,511
Furniture and equipment	1,003,440	87,313	-	1,090,753
Total right-to-use leased assets being amortized	1,383,951	87,313	-	1,471,264
Accumulated amortization				
Buildings and improvements	-	(138,368)	-	(138,368)
Furniture and equipment	-	(380,523)	-	(380,523)
Total accumulated amortization	-	(518,891)	-	(518,891)
Net right-to-use leased assets	1,383,951	(431,578)	-	952,373
Governmental activities capital assets and right-to-use leased assets, net	$ 278,450,614	$ 10,389,787	$ (3,647,517)	$ 285,192,884

Depreciation and amortization expenses were charged to governmental functions as follows:

Instruction	$	9,931,966
School administration		595
Pupil Transportation		720
Food services		1,003,251
General administration		361,075
Plant services		138,258
Total depreciation and amortization expenses, governmental activities	$	11,435,865

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, 2022, between major and non-major governmental funds, and the internal service fund are as follows:

	Due From			
Due To	General Fund	Non-Major Governmental Funds	Internal Service Fund	Total
General Fund	$ -	$ 1,758,673	$ 1,950,133	$ 3,708,806
Non-Major Governmental Funds	59,440	-	-	59,440
Internal Service Fund	4,969,586	-	-	4,969,586
Total	$ 5,029,026	$ 1,758,673	$ 1,950,133	$ 8,737,832

A balance of $779,028 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 $975,209 is due to the General Fund from the Cafeteria Non-Major Governmental Fund for the reimbursement of payroll and indirect costs.

A balance of $4,436 is due to the General Fund from the Capital Facilities Non-Major Governmental Fund for the reimbursement of payroll costs.

The balance of $1,950,133 is due to the General Fund from the Internal Service Fund for the reimbursement of operating costs.

A balance of $48,445 is due to the Child Development Non-Major Governmental Fund from the General Fund for the reimbursement of operating costs.

A balance of $10,995 is due to the Cafeteria Non-Major Governmental Fund from the General Fund for the of operating costs.

The balance of $4,969,586 is due to the Internal Service Fund from the General Fund for charges for workers' compensation insurance, property and liability insurance, and for a contribution for the net other postemployment benefits (OPEB) liability.

Operating Transfers

Interfund transfers for the year ended June 30, 2022, consisted of the following:

Transfer To	Transfers From General Fund
Non-Major Governmental Funds	$ 3,005,002
Internal Service Fund	1,921,889
Total	$ 4,926,891
The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Projects for capital project reserves, redevelopment funds, and technology project reserves.	$ 2,956,557
The General Fund transferred to the Child Development Non-Major Governmental Fund to reimburse for operating costs.	48,445
The General Fund transferred to the Internal Service Fund for property and liability claims.	1,921,889
Total	$ 4,926,891

Note 6 - Accounts Payable

Accounts payable at June 30, 2022, consisted of the following:

	General Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities
Salaries and benefits	$ 17,789,069	$ 328,798	$ 178	$ 18,118,045
LCFF apportionment	23,496,518	-	-	23,496,518
Supplies	1,261,904	159,419	22,925	1,444,248
Services	2,641,121	136,330	7,021	2,784,472
Capital outlay	288,982	1,843,018	-	2,132,000
Other vendor payables	406,144	66,292	-	472,436
Total	$ 45,883,738	$ 2,533,857	$ 30,124	$ 48,447,719

Note 7 - Unearned Revenue

Unearned revenue at June 30, 2022, consisted of the following:

	General Fund
Federal financial assistance	$ 8,678,937
State categorical aid	6,223,273
Total	$ 14,902,210

Note 8 - Long-term liabilities Other than OPEB and Pension

Summary

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

	Balance July 1, 2021 as restated	Additions	Deductions	Balance June 30, 2022	Due in One Year
General obligation bonds	$ 103,090,868	$ 896,849	$ (1,830,000)	$ 102,157,717	$ 2,155,000
Unamortized premium	8,267,093	-	(444,565)	7,822,528	-
Private placement debt - General obligation bonds	12,830,000	-	(1,440,000)	11,390,000	1,560,000
Compensated absences	3,290,253	77,591	-	3,367,844	-
Leases	1,383,951	87,313	(499,932)	971,332	509,449
Claims liability	505,242	432,781	(162,233)	775,790	152,510
SELF excess workers' compensation assessment	50,959	-	(25,444)	25,515	25,515
SELF excess liability assessment	-	534,535	-	534,535	-
Total	$ 129,418,366	$ 2,029,069	$ (4,402,174)	$ 127,045,261	$ 4,402,474

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. The leases are paid by the General Fund and Cafeteria Fund. Claims liability and the SELF assessments 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, 2021	Accreted Interest	Redeemed	June 30, 2022
Series B	2006	8/1/2030	4.50-5.00%	$ 9,999,646	$ 2,359,159	$ 192,506	$ -	$ 2,551,665
Series C	2008	8/1/2032	4.50-8.90%	7,999,994	2,915,243	192,762	-	3,108,005
Series D	2009	8/1/2030	2.00-6.56%	4,100,263	5,756,466	511,581	-	6,268,047
2016 Refunding Series A	2016	8/1/2027	3.00-5.00%	4,280,000	3,350,000	-	(365,000)	2,985,000
2016 Refunding Series B	2016	8/1/2034	2.50-5.00%	18,770,000	18,205,000	-	(665,000)	17,540,000
Series 2017A	2017	8/1/2046	2.00-5.00%	35,000,000	25,505,000	-	-	25,505,000
Series 2019B	2019	8/1/2048	4.00-5.00%	45,000,000	45,000,000	-	(800,000)	44,200,000
2013 Refunding	2013	8/1/2027	3.25%	19,835,000	12,830,000	-	(1,440,000)	11,390,000
					$ 115,920,868	$ 896,849	$ (3,270,000)	$ 113,547,717

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, 2022, the principal balance outstanding of the 2002 General Obligation Bonds, Series B was $2,551,665 and unamortized premium on issuance was $70,659.

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, 2022, the principal balance outstanding of the 2002 General Obligation Bonds, Series C was $3,108,005.

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, 2022, the principal balance outstanding of the 2002 General Obligation Bonds, Series D was $6,268,047 and unamortized premium on issuance was $438,350.

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, 2022, the principal balance outstanding of the 2016 General Obligation Refunding Bonds, Series A was $2,985,000 and unamortized premium on issuance and deferred charge on refunding were $300,536 and $375,127, 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, 2022, the principal balance outstanding of the 2016 General Obligation Refunding Bonds, Series B was $17,540,000 and unamortized premium on issuance and deferred charge on refunding were $1,593,484 and $79,640, 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 were 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, 2022, the principal balance outstanding of the 2016 General Obligation Bonds, Series 2017A was $25,505,000 and unamortized premium on issuance was $2,071,215.

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, 2022, the principal balance outstanding of the 2016 General Obligation Bonds, Series 2017A was $44,200,000 and unamortized premium on issuance was $3,348,284.

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, 2022, the principal balance outstanding of the 2013 General Obligation Refunding Bonds was $11,390,000 and deferred charge on refunding was $245,451.

Debt Service Requirements to Maturity – Includes Private Placement Debt

The General Obligation Bonds mature through 2049 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Current Interest to Maturity	Accreted Interest	Total
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	4,756,902	3,657,938	453,098	8,867,938
2028-2032	20,058,206	17,224,712	8,166,258	45,449,176
2033-2037	20,112,609	13,929,934	915,787	34,958,330
2038-2042	15,915,000	10,507,575	-	26,422,575
2043-2047	16,870,000	5,412,000	-	22,282,000
2048-2049	20,655,000	446,100	-	21,101,100
Total	$ 113,547,717	$ 67,100,403	$ 9,535,143	$ 190,183,263

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2022, amounted to $3,367,844.

Leases

The District has entered into agreements to lease various equipment and a warehouse. The District's liability on lease agreements is summarized below:

Lease	July 1, 2021 as restated	Addition	Payments	June 30, 2022
Commercial Printer	$ 108,055	$ -	$ (57,921)	$ 50,134
Copier (1)	5,354	-	(2,512)	2,842
Copier (2)	2,205	-	(685)	1,520
Copier (3)	-	8,572	(532)	8,040
Copier (4)	-	3,728	(177)	3,551
Copiers (1)	-	75,013	(10,364)	64,649
Copiers (2)	259,069	-	(112,172)	146,897
Digital Envelope Printer and Wide Format Printer	78,876	-	(15,353)	63,523
High-Volume Mailing Station	35,644	-	(9,665)	25,979
Office Printer (1)	2,445	-	(1,058)	1,387
Office Printer (2)	6,083	-	(2,536)	3,547
Office Printer (3)	8,554	-	(6,291)	2,263
Production Printing Press (1)	228,354	-	(82,700)	145,654
Production Printing Press (2)	268,801	-	(64,570)	204,231
Warehouse	380,511	-	(133,396)	247,115
Total	$ 1,383,951	$ 87,313	$ (499,932)	$ 971,332

Commercial Printer

The District entered an agreement to lease a commercial printer for 60-months, beginning April 2018. The lease terminates April 2023. Under the terms of the lease, the District pays a monthly base fee of $5,129. At June 30, 2022, the District has recognized a right-to-use asset of $49,116 and a lease liability of $50,134 related to this agreement. During the fiscal year, the District recorded $58,939 in amortization expense and $3,627 in interest expense for the right-to-use the commercial printer. The District used a discount rate of 5.00%, which was based on a base rate established from the District's own publicly traded debt, which was then adjusted for the specific terms of the lease and the District's credit rating.

Copier (1)

The District entered an agreement to lease a copier for 60-months, beginning July 2018. The lease terminates July 2023. Under the terms of the lease, the District pays a monthly base fee of $225. At June 30, 2022, the District has recognized a right-to-use asset of $2,784 and a lease liability of $2,842 related to this agreement. During the fiscal year, the District recorded $2,570 in amortization expense and $188 in interest expense for the right-to-use the copier. The District used a discount rate of 5.00%, which was based on a base rate established from the District's own publicly traded debt, which was then adjusted for the specific terms of the lease and the District's credit rating.

Copier (2)

The District entered an agreement to lease a copier for 60 months, beginning July 2019. The lease terminates July 2024. Under the terms of the lease, the District pays a monthly base fee of $64. At June 30, 2022, the District has recognized a right-to-use asset of $1,490 and a lease liability of $1,520 related to this agreement. During the fiscal year, the District recorded $715 in amortization expense and $85 in interest expense for the right-to-use the copier. The District used a discount rate of 5.00%, which was based on a base rate established from the District's own publicly traded debt, which was then adjusted for the specific terms of the lease and the District's credit rating.

Copier (3)

The District entered an agreement to lease a copier for 60 months, beginning March 2022. The lease terminates March 2027. Under the terms of the lease, the District pays a monthly base fee of $159. At June 30, 2022, the District has recognized a right-to-use asset of $8,010 and a lease liability of $8,040 related to this agreement. During the fiscal year, the District recorded $562 in amortization expense and $104 in interest expense for the right-to-use the copier. The District used a discount rate of 5.00%, which was based on a base rate established from the District's own publicly traded debt, which was then adjusted for the specific terms of the lease and the District's credit rating.

Copier (4)

The District entered an agreement to lease a copier for 60 months, beginning April 2022. The lease terminates April 2027. Under the terms of the lease, the District pays a monthly base fee of $69. At June 30, 2022, the District has recognized a right-to-use asset of $3,545 and a lease liability of $3,551 related to this agreement. During the fiscal year, the District recorded $183 in amortization expense and $30 in interest expense for the right-to-use the copier. The District used a discount rate of 5.00%, which was based on a base rate established from the District's own publicly traded debt, which was then adjusted for the specific terms of the lease and the District's credit rating.

Copiers (1)

The District entered an agreement to lease copiers for 60 months, beginning October 2021. The lease terminates October 2026. Under the terms of the lease, the District pays a monthly base fee of $1,410. At June 30, 2022, the District has recognized a right-to-use asset of $63,761 and a lease liability of $64,649 related to this agreement. During the fiscal year, the District recorded $11,252 in amortization expense and $2,324 in interest expense for the right-to-use the copiers. The District used a discount rate of 5.00%, which was based on a base rate established from the District's own publicly traded debt, which was then adjusted for the specific terms of the lease and the District's credit rating.

Copiers (2)

The District entered an agreement to lease copiers for 60 months, beginning September 2018. The lease terminates September 2023. Under the terms of the lease, the District pays a monthly base fee of $10,123. At June 30, 2022, the District has recognized a right-to-use asset of $143,927 and a lease liability of $146,897 related to this agreement. During the fiscal year, the District recorded $115,142 in amortization expense and $9,302 in interest expense for the right-to-use the copiers. The District used a discount rate of 5.00%, which was based on a base rate established from the District's own publicly traded debt, which was then adjusted for the specific terms of the lease and the District's credit rating.

Digital Envelope Printer and Wide Format Printer

The District entered an agreement to lease a digital envelope printer and a wide format printer for 60 months, beginning March 2021. The lease terminates March 2026. Under the terms of the lease, the District pays a monthly base fee of $1,551. At June 30, 2022, the District has recognized a right-to-use asset of $62,271 and a lease liability of $63,523 related to this agreement. During the fiscal year, the District recorded $16,605 in amortization expense and $3,259 in interest expense for the right-to-use the digital envelope printer and wide format printer. The District used a discount rate of 5.00%, which was based on a base rate established from the District's own publicly traded debt, which was then adjusted for the specific terms of the lease and the District's credit rating.

High-Volume Mailing Station

The District entered an agreement to lease a high-volume mailing station for 48 months, beginning December 2020. The lease terminates December 2024. Under the terms of the lease, the District pays a monthly base fee of $923. At June 30, 2022, the District has recognized a right-to-use asset of $25,460 and a lease liability of $25,979 related to this agreement. During the fiscal year, the District recorded $10,184 in amortization expense and $1,411 in interest expense for the right-to-use the high-volume mailing station. The District used a discount rate of 5.00%, which was based on a base rate established from the District's own publicly traded debt, which was then adjusted for the specific terms of the lease and the District's credit rating.

Office Printer (1)

The District entered an agreement to lease a printer for 60 months, beginning September 2018. The lease terminates September 2023. Under the terms of the lease, the District pays a monthly base fee of $96. At June 30, 2022, the District has recognized a right-to-use asset of $1,359 and a lease liability of $1,387 related to this agreement. During the fiscal year, the District recorded $1,086 in amortization expense and $88 in interest expense for the right-to-use the office printer. The District used a discount rate of 5.00%, which was based on a base rate established from the District's own publicly traded debt, which was then adjusted for the specific terms of the lease and the District's credit rating.

Office Printer (2)

The District entered an agreement to lease an office printer for 36 months, beginning October 2020. The lease terminates October 2023. Under the terms of the lease, the District pays a monthly base fee of $230. At June 30, 2022, the District has recognized a right-to-use asset of $3,476 and a lease liability of $3,547 related to this agreement. During the fiscal year, the District recorded $2,607 in amortization expense and $221 in interest expense for the right-to-use the office printer. The District used a discount rate of 5.00%, which was based on a base rate established from the District's own publicly traded debt, which was then adjusted for the specific terms of the lease and the District's credit rating.

Office Printer (3)

The District entered an agreement to lease an office printer for 60 months, beginning October 2017. The lease terminates October 2022. Under the terms of the lease, the District pays a monthly base fee of $318, which may be increased by a maximum of 10% of the then existing base payment. At June 30, 2022, the District has recognized a right-to-use asset of $2,139 and a lease liability of $2,263 related to this agreement. During the fiscal year, the District recorded $6,415 in amortization expense and $251 in interest expense for the right-to-use the office printer. The District used a discount rate of 5.00%, which was based on a base rate established from the District's own publicly traded debt, which was then adjusted for the specific terms of the lease and the District's credit rating.

Production Printing Press (1)

The District entered an agreement to lease a production printing press for 60 months, beginning February 2019. The lease terminates February 2024. Under the terms of the lease, the District pays a monthly base fee of $7,606. At June 30, 2022, the District has recognized a right-to-use asset of $142,721 and a lease liability of $145,654 related to this agreement. During the fiscal year, the District recorded $85,633 in amortization expense and $8,566 in interest expense for the right-to-use the production printing press. The District used a discount rate of 5.00%, which was based on a base rate established from the District's own publicly traded debt, which was then adjusted for the specific terms of the lease and the District's credit rating.

Production Printing Press (2)

The District entered an agreement to lease a production printing press for 60 months, beginning May 2020. The lease terminates May 2025. Under the terms of the lease, the District pays a monthly base fee of $6,283. At June 30, 2022, the District has recognized a right-to-use asset of $200,171 and a lease liability of $204,231 related to this agreement. During the fiscal year, the District recorded $68,630 in amortization expense and $10,828 in interest expense for the right-to-use the production printing press. The District used a discount rate of 5.00%, which was based on a base rate established from the District's own publicly traded debt, which was then adjusted for the specific terms of the lease and the District's credit rating.

Warehouse

The District entered an agreement to lease a warehouse for 36 months, beginning April 2021. The lease terminates March 2024. Under the terms of the lease, the District pays a monthly base fee of $12,314. The District has an option to terminate the lease after there has been a "Hazardous Substance Condition" which would require the District to elect in writing to repudiate the agreement and pay 12 times the monthly Base Rent or $100,000, whichever is greater within 60 days of the District's election to terminate the lease. At June 30, 2022, the District has recognized a right-to-use asset of $242,143 and a lease liability of $247,115 related to this agreement. During the fiscal year, the District recorded $138,368 in amortization expense and $14,374 in interest expense for the right-to-use the warehouse. The District used a discount rate of 5.00%, which was based on a base rate established from the District's own publicly traded debt, which was then adjusted for the specific terms of the lease and the District's credit rating.

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2022 are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 509,449	$ 36,747	$ 546,196
2024	314,825	14,153	328,978
2025	108,296	4,681	112,977
2026	32,496	1,114	33,610
2027	6,266	80	6,346
Total	$ 971,332	$ 56,775	$ 1,028,107

Claims Liability

The District is self-insured against claims for workers' compensation injuries, and property and liability claims. The liability as of June 30, 2022, totaling $775,790 is made of $610,754 for the claims obligation for the workers' compensation program as established by an actuarial study performed by a third party and $165,036 for the claims obligation established for the property and liability insurance program based on an estimate of claims outstanding at year end.

Schools Excess Liability Fund (SELF) Assessments

The District was a member of Schools Excess Liability Fund (SELF), a cost-sharing Joint Powers Authority (JPA) that provides the District with excess workers' compensation and liability insurance. The SELF board of directors declared entity assessments to the member districts for the funding of these excess liability programs. At June 30, 2022, the District's outstanding obligation for its pro-rata share of equity assessed was $25,515 for excess workers' compensation insurance and $534,535 for excess liability insurance.

Note 9 - Net Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2022, 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	$ 53,098,546	$ 6,337,443	$ 8,936,770	$ 4,706,783
Medicare Premium Payment (MPP) Program	1,302,073	-	-	(349,925)
Total	$ 54,400,619	$ 6,337,443	$ 8,936,770	$ 4,356,858

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	$ 52,174,469	$ 6,273,338	$ 8,919,855	$ 4,642,516
Grantor Trust	884,288	64,105	16,915	64,167
Board of Trustees	39,789	-	-	100
Total	$ 53,098,546	$ 6,337,443	$ 8,936,770	$ 4,706,783

Plan Administration

The Public Agency Retirement Services (PARS) administers the 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, 2022 valuation date, the Plans' membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	159
Active employees	2,372
	2,531

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, 2022, the District contributed $2,304,744 to the Plans, all of which was used for current benefits.

Net OPEB Liability of the District

The District's net OPEB liability of $53,098,546 was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. The components of the net OPEB liability of the District at June 30, 2022, were as follows:

Total OPEB liability	$ 64,014,252
Plan fiduciary net position	(10,915,706)
District's net OPEB liability	$ 53,098,546
Plan fiduciary net position as a percentage of the total OPEB liability	17.05%

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

General Trust	
Inflation	2.50%
Salary increases	2.75%, average, including inflation
Discount rate	4.40%, net of OPEB plan investment expense, including inflation
Health care cost trend rates	4.00% for 2022

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 Mortality for Miscellaneous and Schools 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
Discount rate	4.75%, net of OPEB plan investment expense, including inflation
Health care cost trend rates	4.00% for 2022

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 Mortality for Miscellaneous and Schools 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	2.50%
Salary increases	2.75%, average, including inflation
Discount rate	3.54%
Health care cost trend rates	4.00% for 2022

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

Mortality rates were based on the 2017 CalPERS Retiree Mortality for Miscellaneous and Schools Employees Table for miscellaneous 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, 2022 valuation were based on the results of an actual experience study for the period July 1, 2021 to June 30, 2022.

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, 2021	$ 57,255,023	$ 12,630,397	$ 44,624,626
Service cost	3,042,231	-	3,042,231
Interest	2,516,526	-	2,516,526
Differences between expected and actual experience	3,696,824	-	3,696,824
Contributions-employer	-	2,304,744	(2,304,744)
Net investment income	-	(1,618,500)	1,618,500
Changes of assumptions	(188,578)	-	(188,578)
Benefit payments	(2,307,774)	(2,304,744)	(3,030)
Administrative expense	-	(96,191)	96,191
Net change in total OPEB liability	6,759,229	(1,714,691)	8,473,920
Balance at June 30, 2022	$ 64,014,252	$ 10,915,706	$ 53,098,546

There were no changes in benefits terms from 2021 to 2022.

Changes of assumptions and other inputs reflect the following:

- The General Trust plan discount rate changed from 4.36% to 4.40% since the previous valuation.
- The Board of Trustees plan inflation rate changed from 2.75% to 2.50% and the discount rate changed from 2.16% to 3.54% 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:

General Trust - Discount Rate	Net OPEB Liability
1% decrease (3.40%)	$ 56,838,944
Current discount rate (4.40%)	52,174,469
1% increase (5.40%)	47,775,153

Grantor Trust - Discount Rate	Net OPEB Liability
1% decrease (3.75%)	$ 1,004,827
Current discount rate (4.75%)	884,288
1% increase (5.75%)	780,203

Board of Trustees - Discount Rate	Net OPEB Liability
1% decrease (2.54%)	$ 44,639
Current discount rate (3.54%)	39,789
1% increase (4.54%)	35,714

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

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

Healthcare Cost Trend Rates	Net OPEB Liability
1% decrease (3.00%)	$ 46,256,179
Current healthcare cost trend rate (4.00%)	53,098,546
1% increase (5.00%)	61,089,241

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

For the year ended June 30, 2022, the District recognized OPEB expense of $4,706,783. At June 30, 2022, 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	$ 3,464,674	$ 1,697,067
Changes of assumptions	833,110	6,040,596
Net difference between projected and actual earnings on OPEB plan investments	1,975,554	1,182,192
Total	$ 6,273,338	$ 8,919,855

	Grantor Trust	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 2,235
Net difference between projected and actual earnings on OPEB plan investments	64,105	14,680
Total	$ 64,105	$ 16,915

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
2023	$ (230,671)
2024	(172,429)
2025	(257,433)
2026	122,849
2027	(344,559)
Thereafter	(1,717,084)
	$ (2,599,327)

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, 2020 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, 2022, the District reported a liability of $1,302,073 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability 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 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, 2021 and June 30, 2020, respectively, was 0.3264%, and 0.3390 %, resulting in a net decrease in the proportionate share of 0.0126%.

For the year ended June 30, 2022, the District recognized OPEB expense of ($349,925).

Actuarial Methods and Assumptions

The June 30, 2021 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total OPEB liability to June 30, 2021, using the assumptions listed in the following table:

Measurement Date	June 30, 2021	June 30, 2020
Valuation Date	June 30, 2020	June 30, 2019
Experience Study	July 1, 2015 through June 30, 2018	June 30,-2014 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.16%	2.21%
Medicare Part A Premium Cost Trend Rate	4.50%	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%	5.40%

For the valuation as of June 30, 2020, 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 245 or an average of 0.16% of the potentially eligible population (152,062).

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, 2021, 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, 2021, is 2.16%. 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 2.16%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2021, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.05% from 2.21% as of June 30, 2020.

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 (1.16%)	$ 1,435,241
Current discount rate (2.16%)	1,302,073
1% increase (3.16%)	1,188,293

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

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

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 1,184,083
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	1,302,073
1% increase (5.50% Part A and 6.40% Part B)	1,437,344

Note 10 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Non-Major Governmental Funds	Total
Nonspendable			
Revolving cash	$ 75,000	$ 36,550	$ 111,550
Stores inventories	361,569	337,299	698,868
Prepaid expenditures	1,229,726	-	1,229,726
Total nonspendable	1,666,295	373,849	2,040,144
Restricted			
Legally restricted programs	31,191,333	5,075,786	36,267,119
Other restrictions - pension trust	6,384,683	-	6,384,683
Capital projects	-	10,207,733	10,207,733
Debt service	-	8,707,251	8,707,251
Total restricted	37,576,016	23,990,770	61,566,786
Committed			
Classified professional growth funds	55,891	-	55,891
Site discretionary carryover	6,994,182	-	6,994,182
Site donations	364,518	-	364,518
California academic standards implementation	932,423	-	932,423
Certificated teacher initiation funds	97,436	-	97,436
Retiree PARS plans liability	2,795,727	-	2,795,727
Facility and deferred maintenance	7,938	-	7,938
Common core and textbook adoptions	4,872,998	-	4,872,998
Pension reserve	2,944,371	-	2,944,371
Deferred maintenance program	-	254	254
Total committed	19,065,484	254	19,065,738
Assigned			
Board policy reserve	44,859,757	-	44,859,757
Collective bargaining	1,688,675	-	1,688,675
Post employment benefits liability	8,452,069	-	8,452,069
Preschool reserve	-	354,548	354,548
Capital projects	-	23,032,156	23,032,156
Total assigned	55,000,501	23,386,704	78,387,205
Unassigned			
Reserve for economic uncertainties	9,612,806	-	9,612,806
Total unassigned	9,612,806	-	9,612,806
Total	$ 122,921,102	$ 47,751,577	$ 170,672,679

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, 2022, the District participated in the Alliance of Schools for Cooperative Insurance Programs (ASCIP) and the Schools Excess Liability Fund (SELF) public entity risk pools 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 Liability

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 Liability

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, 2020 to June 30, 2022:

	Workers' Compensation	Property and Liability	Total
Liability Balance, July 1, 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, July 1, 2021	336,337	168,905	505,242
Claims and changes in estimates	305,678	127,103	432,781
Claims payments	(31,261)	(130,972)	(162,233)
Liability Balance, June 30, 2022	$ 610,754	$ 165,036	$ 775,790
Assets available to pay claims at June 30, 2022	$ 2,983,489	$ 699,572	$ 3,683,061

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, 2022, 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	$ 98,830,806	$ 41,261,147	$ 100,845,181	$ 5,318,006
CalPERS	63,670,433	13,982,142	27,893,639	5,268,576
Total	$ 162,501,239	$ 55,243,289	$ 128,738,820	$ 10,586,582

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, 2020, 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, 2022, are summarized as follows:

	STRP Defined Benefit Program	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.92%	16.92%
Required State contribution rate	10.828%	10.828%

Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the District's total contributions were $22,532,781.

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

At June 30, 2022, 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	$ 98,830,806
State's proportionate share of the net pension liability associated with the District	49,727,828
Total	$ 148,558,634

The net pension liability was measured as of June 30, 2021. 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, 2021 and June 30, 2020, respectively, was 0.2172% and 0.2237%, resulting in a net decrease in the proportionate share of 0.0065%.

For the year ended June 30, 2022, the District recognized pension expense of $5,318,006. In addition, the District recognized pension expense and revenue of $1,701,376 for support provided by the State. At June 30, 2022, 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	$ 22,532,781	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	4,477,514	12,149,809
Differences between projected and actual earnings on pension plan investments	-	78,177,714
Differences between expected and actual experience in the measurement of the total pension liability	247,577	10,517,658
Changes of assumptions	14,003,275	-
Total	$ 41,261,147	$ 100,845,181

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
2023	$ (19,852,451)
2023	(18,158,507)
2024	(18,609,139)
2025	(21,557,617)
Total	$ (78,177,714)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ 1,764,475
2024	2,673,232
2025	(2,335,165)
2026	(1,926,792)
2027	(1,762,752)
Thereafter	(2,352,099)
Total	$ (3,939,101)

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, 2020 and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2021, 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 of 7.10% and assume that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 201,184,148
Current discount rate (7.10%)	98,830,806
1% increase (8.10%)	13,879,487

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, 2020 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, 2022, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 Years of Service	5 Years of Service
Benefit payments	Monthly for Life	Monthly for Life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	22.910%	22.910%

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, 2022, are presented above and the total District contributions were $12,081,417.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $63,670,433. The net pension liability was measured as of June 30, 2021. 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, 2021 and June 30, 2020, respectively, was 0.3131% and 0.3154%, resulting in a net decrease in the proportionate share of 0.0023%.

For the year ended June 30, 2022, the District recognized pension expense of $5,268,576. At June 30, 2022, 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	$ 12,081,417	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	3,308,726
Differences between projected and actual earnings on pension plan investments	-	24,434,816
Differences between expected and actual experience in the measurement of the total pension liability	1,900,725	150,097
Total	$ 13,982,142	$ 27,893,639

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
2023	$ (6,128,230)
2024	(5,635,456)
2025	(5,875,332)
2026	(6,795,798)
Total	$ (24,434,816)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (413,449)
2024	(869,910)
2025	(256,469)
2026	(18,270)
Total	$ (1,558,098)

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, 2020 and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
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%)	$ 107,357,290
Current discount rate (7.15%)	63,670,433
1% increase (8.15%)	27,400,967

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 $178,362.

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 $13,966,895 (10.828% of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. 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, 2022.

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, 2022.

Construction Commitments

As of June 30, 2022, the District had the following commitments with respect to unfinished capital projects:

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
Arroyo ES 7th and 8th Grade Reconfiguration	$ 305,921	8/31/2022
El Camino ES Parking Lot	531,562	8/31/2022
Vina Danks MS Relocatable Classrooms	3,000,000	8/31/2023
Haynes ES Restroom	137,256	8/31/2023
Moreno ES Relocatable Classrooms	900,000	8/31/2023
Vina Danks MS HVAC	16,315,511	6/30/2024
Lehigh ES HVAC	1,994,760	6/30/2024
Moreno ES HVAC	1,997,000	6/30/2024
Elementary Schools CCTV Cameras	4,809,600	12/30/2023
	$ 29,991,610	

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, 2022, the District made payments of $4,699,005 and $31,157,182 to ASCIP and SCSEBA, respectively.

Note 15 - Adoption of New Accounting Standard - Restatement of Prior Year Net Position

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The Statement requires 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. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 87 as follows:

Government-Wide Financial Statements	
Net Position - Beginning	$ 15,814,112
Right-to-use leased asset, net of amortization	1,383,951
Lease liability	(1,383,951)
Net Position - Beginning as restated	$ 15,814,112

Required Supplementary Information
June 30, 2022

Ontario-Montclair School District

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final	(GAAP Basis)	Final to Actual
Revenues				
Local Control Funding Formula	$ 226,126,644	$ 234,398,710	$ 234,418,909	$ 20,199
Federal sources	56,655,727	35,015,720	36,365,589	1,349,869
Other State sources	42,227,274	63,924,060	67,114,041	3,189,981
Other local sources	3,992,059	5,614,235	3,000,862	(2,613,373)
Total revenues [1]	329,001,704	338,952,725	340,899,401	1,946,676
Expenditures				
Current				
Certificated salaries	140,049,605	135,738,920	137,391,263	(1,652,343)
Classified salaries	47,786,147	50,258,727	50,489,001	(230,274)
Employee benefits	86,569,243	84,032,241	84,244,592	(212,351)
Books and supplies	25,316,408	14,348,763	13,184,441	1,164,322
Services and operating expenditures	35,290,469	30,264,530	28,845,665	1,418,865
Other outgo	(102,694)	150,075	311,881	(161,806)
Capital outlay	8,471,240	1,999,172	1,031,088	968,084
Total expenditures [1]	343,380,418	316,792,428	315,497,931	1,294,497
Excess (Deficiency) of Revenues over Expenditures	(14,378,714)	22,160,297	25,401,470	3,241,173
Other Financing Sources (Uses)				
Transfers in	131,694	131,694	-	(131,694)
Other sources - proceeds from lease	-	-	87,313	87,313
Transfers out	(3,517,222)	(4,824,737)	(4,926,891)	(102,154)
Net Financing Sources (Uses)	(3,385,528)	(4,693,043)	(4,839,578)	(146,535)
Net Change in Fund Balance	(17,764,242)	17,467,254	20,561,892	3,094,638
Fund Balance - Beginning	102,359,210	102,359,210	102,359,210	-
Fund Balance - Ending	$ 84,594,968	$ 119,826,464	$ 122,921,102	$ 3,094,638

[1] Due to the consolidation of Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, and Fund 20, Special Reserve Fund for Postemployment Benefits for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures, however, are not included in the original and final General Fund budgets.

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	$ 3,042,231	$ 3,475,995	$ 4,807,935	$ 4,452,642	$ 4,333,471
Interest	2,516,526	2,027,086	2,189,246	1,986,677	1,977,000
Difference between expected and actual experience	3,696,824	-	(2,608,975)	-	-
Changes of assumptions	(188,578)	(4,362,884)	(2,661,499)	1,184,177	-
Benefit payments	(2,307,774)	(2,354,303)	(2,214,414)	(2,131,797)	(2,052,996)
Net change in total OPEB liability	6,759,229	(1,214,106)	(487,707)	5,491,699	4,257,475
Total OPEB Liability - Beginning	57,255,023	58,469,129	58,956,836	53,465,137	49,207,662
Total OPEB Liability - Ending (a)	$ 64,014,252	$ 57,255,023	$ 58,469,129	$ 58,956,836	$ 53,465,137
Plan Fiduciary Net Position					
Contributions - employer	$ 2,304,744	$ 2,351,312	$ 2,205,050	$ 2,122,812	$ 2,044,357
Net investment income	(1,618,500)	2,507,038	174,650	628,425	594,975
Benefit payments	(2,304,744)	(2,351,312)	(2,205,050)	(2,122,812)	(2,044,357)
Administrative expense	(96,191)	(89,667)	(57,960)	(102,432)	(73,248)
Net change in plan fiduciary net position	(1,714,691)	2,417,371	116,690	525,993	521,727
Plan Fiduciary Net Position - Beginning	12,630,397	10,213,026	10,096,336	9,570,343	9,048,616
Plan Fiduciary Net Position - Ending (b)	$ 10,915,706	$ 12,630,397	$ 10,213,026	$ 10,096,336	$ 9,570,343
District's Net OPEB Liability - Ending (a) - (b)	$ 53,098,546	$ 44,624,626	$ 48,256,103	$ 48,860,500	$ 43,894,794
Plan Fiduciary Net Position As A Percentage Of The Total OPEB Liability	17.05%	22.06%	17.47%	17.12%	17.90%
Covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Net OPEB Liability As A Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

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

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

Year ended June 30,	2022	2021	2020	2019	2018
Proportion of the net OPEB liability	0.3264%	0.3390%	0.3842%	0.3831%	0.3925%
Proportionate share of the net OPEB liability	$ 1,302,073	$ 1,651,998	$ 1,430,902	$ 1,466,503	$ 1,651,288
Covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.80%)	(0.71%)	(0.81%)	(0.40%)	0.01%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

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

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Proportion of the net pension liability	0.2172%	0.2237%	0.2172%	0.2135%	0.2168%	0.2289%	0.2340%	0.2068%
Proportionate share of the net pension liability	$ 98,830,806	$ 216,803,431	$ 196,172,158	$ 196,180,406	$ 200,497,590	$ 185,121,927	$ 157,517,723	$ 120,833,772
State's proportionate share of the net pension liability	49,727,828	111,762,194	107,025,009	112,322,458	118,612,680	105,386,611	83,309,511	72,964,648
Total	$ 148,558,634	$ 328,565,625	$ 303,197,167	$ 308,502,864	$ 319,110,270	$ 290,508,538	$ 240,827,234	$ 193,798,420
Covered Payroll	$ 116,864,180	$ 119,092,556	$ 115,381,413	$ 115,359,369	$ 111,330,723	$ 109,833,607	$ 109,831,644	$ 102,526,352
Proportionate share of the net pension liability as a percentage of its covered payroll	85%	182%	170%	170%	180%	169%	143%	118%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS								
Proportion of the net pension liability	0.3131%	0.3154%	0.3218%	0.3299%	0.3225%	0.3175%	0.3255%	0.2986%
Proportionate share of the net pension liability	$ 63,670,433	$ 96,764,918	$ 93,775,316	$ 87,957,904	$ 76,990,174	$ 62,713,529	$ 47,986,310	$ 33,902,574
Covered payroll	$ 45,354,879	$ 45,758,146	$ 41,740,643	$ 43,384,805	$ 41,362,673	$ 37,662,725	$ 36,038,807	$ 31,433,076
Proportionate share of the net pension liability as a percentage of its covered payroll	140%	211%	225%	203%	186%	167%	133%	108%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Contractually required contribution	$ 22,532,781	$ 18,873,565	$ 20,364,827	$ 18,784,094	$ 16,646,357	$ 14,005,405	$ 11,785,146	$ 9,753,050
Contributions in relation to the contractually required contribution	22,532,781	18,873,565	20,364,827	18,784,094	16,646,357	14,005,405	11,785,146	9,753,050
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's payroll	$ 133,172,465	$ 116,864,180	$ 119,092,556	$ 115,381,413	$ 115,359,369	$ 111,330,723	$ 109,833,607	$ 109,831,644
Contributions as a percentage of covered payroll	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS								
Contractually required contribution	$ 12,081,417	$ 9,388,460	$ 9,023,964	$ 7,539,195	$ 6,738,094	$ 5,744,448	$ 4,461,903	$ 4,242,128
Contributions in relation to the contractually required contribution	12,081,417	9,388,460	9,023,964	7,539,195	6,738,094	5,744,448	4,461,903	4,242,128
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's payroll	$ 52,734,251	$ 45,354,879	$ 45,758,146	$ 41,740,643	$ 43,384,805	$ 41,362,673	$ 37,662,725	$ 36,038,807
Contributions as a percentage of covered payroll	22.910%	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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

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

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

Schedule of Changes in the District's 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 discount rate changed from 4.36% to 4.40% since the previous valuation.
  - The Board of Trustees plan inflation rate changed from 2.75% to 2.50% and the discount rate changed from 2.16% to 3.54% 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 2.21% to 2.16% 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 the District 's Contributions

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

Supplementary Information
June 30, 2022

Ontario-Montclair School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
Federal Communications Commission			
COVID-19 Emergency Connectivity Fund Program	32.009	[1]	$ 1,466,745
Total Federal Communications Commission			1,466,745
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	8,290,028
School Improvement Funding for LEAs	84.010	15438	578,910
Subtotal			8,868,938
Title II, Part A, Supporting Effective Instruction	84.367	14341	949,810
Title III, English Learner Student Program	84.365	14346	590,973
Title IV, Part A, Student Support and Academic Enrichment Grant	84.424	15396	588,275
Title IX, Part A, McKinney-Vento Homeless Assistance Grants	84.196	14332	121,750
Early Intervention Grants	84.181	23761	31,105
Special Education (IDEA) Cluster			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	4,097,743
Preschool Grants, Part B, Sec 619 (Age 3-4-5)	84.173	13430	63,071
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	226,767
Alternate Dispute Resolution, Part B, Sec 611	84.173A	13007	2,712
Subtotal Special Education (IDEA) Cluster			4,390,293
COVID-19 Education Stabilization Fund			
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	621
COVID-19 ESSER - California Community Schools Partnership Program	84.425D	15537	2,173,755
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	16,596,977
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D	15618	894
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	222,601
COVID-19 21st Century Community Learning Centers (CCLC) Rate Increase: ESSER III State Reserve Afterschool Programs	84.425U	15651	289,316
COVID-19 American Rescue Plan - Homeless Children and Youth (ARP HCY) Program	84.425W	15564	39,288
COVID-19 American Rescue Plan - Homeless Children and Youth II (ARP HCY II) Program	84.425W	15566	34,248
Subtotal			19,357,700
Total U.S. Department of Education			34,898,844

[1] Direct award, no pass-through identifying number

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	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			
COVID-19 Child Development: ARP California State Preschool Program One-time Stipend	93.575	15640	$ 192,600
Child Care Initiative Project/Resource & Referral Contracts	93.575	13942	34,420
Subtotal - Child Care and Development Fund Cluster			227,020
Passed through County of San Bernardino Human Services System			
Head Start Cluster	93.600	14646	239,886
Total U.S. Department of Health and Human Services			466,906
U.S. Department of Agriculture			
Passed through the CDE			
Child Nutrition Cluster			
National School Lunch Program - Section 4	10.555	13523	894,915
National School Lunch Program - Section 11	10.555	13524	8,564,768
School Breakfast Program	10.553	13525	672
School Breakfast Program Severe Need	10.553	13526	2,088,897
Fresh Fruit and Vegetable Program	10.582	14968	174,279
COVID-19 Emergency Operational Costs Reimbursement (ECR)	10.555	15637	942,419
Commodities	10.555	13396	1,101,012
Subtotal Child Nutrition Cluster			13,766,962
COVID-19 Pandemic EBT local Administrative Grant	10.649	15644	5,814
Passed Through California Department of Social Services			
Child and Adult Care Food Program	10.558	13529	1,192,300
Child and Adult Care Food Program Cash in Lieu of Commodities	10.558	13534	84,302
COVID-19 Emergency Operational Costs Reimbursement (ECR)	10.558	15577	167,599
Subtotal			1,444,201
Total U.S. Department of Agriculture			15,216,977
Total Federal Financial Assistance			$ 52,049,472

Organization

The Ontario-Montclair School District (the 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	POSITION HELD AS OF JUNE 30, 2022	TERM EXPIRES
Elvia M. Rivas	President	2022
Sonia Alvarado	Vice President	2022
Flora Martinez	Clerk	2024
Kristen “Kris” Brake	Member	2022
Sarah S. Galvez	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

	Final Report	
	Second Period Report D20EB6DF	Annual Report 5EE96668
Regular ADA		
Transitional kindergarten through third	7,530.67	7,546.75
Fourth through sixth	6,004.31	6,005.85
Seventh and eighth	4,218.09	4,215.41
Total regular ADA	17,753.07	17,768.01
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	12.13	13.39
Fourth through sixth	11.31	12.74
Seventh and eighth	17.06	19.06
Total special education, nonpublic, nonsectarian schools	40.50	45.19
Total ADA	17,793.57	17,813.20

Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar: Number of Actual Days	Traditional Calendar: Number of Days Credited Form J-13A	Traditional Calendar: Total Days Offered	Multitrack Calendar: Number of Actual Days	Multitrack Calendar: Number of Days Credited Form J-13A	Multitrack Calendar: Total Days Offered	Status
Kindergarten	36,000	40,540	-	40,540	180	-	180	N/A	N/A	N/A	Complied
Grades 1 - 3	50,400										
Grade 1		54,910	-	54,910	180	-	180	N/A	N/A	N/A	Complied
Grade 2		54,910	-	54,910	180	-	180	N/A	N/A	N/A	Complied
Grade 3		54,910	-	54,910	180	-	180	N/A	N/A	N/A	Complied
Grades 4 - 8	54,000										
Grade 4		56,850	-	56,850	180	-	180	N/A	N/A	N/A	Complied
Grade 5		56,850	-	56,850	180	-	180	N/A	N/A	N/A	Complied
Grade 6		56,850	-	56,850	180	-	180	N/A	N/A	N/A	Complied
Grade 7		56,860	-	56,860	180	-	180	N/A	N/A	N/A	Complied
Grade 8		56,860	-	56,860	180	-	180	N/A	N/A	N/A	Complied

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2022.

	(Budget) 2023 [1]	2022	2021 [1]	2020 [1]
General Fund [3]				
Revenues	$ 373,059,796	$ 341,889,858	$ 316,591,486	$ 281,199,197
Other sources	131,694	219,007	131,694	2,419,229
Total revenues and other sources	373,191,490	342,108,865	316,723,180	283,618,426
Expenditures	376,930,654	315,497,931	290,577,821	279,739,432
Other uses	3,883,537	4,926,891	7,880,760	2,991,854
Total expenditures and other uses	380,814,191	320,424,822	298,458,581	282,731,286
Increase (Decrease) in Fund Balance	$ (7,622,701)	$ 21,684,043	$ 18,264,599	$ 887,140
Ending Fund Balance	$ 89,840,615	$ 97,463,316	$ 75,779,273	$ 57,514,674
Available Reserves [2]	$ 11,424,426	9,612,806	8,953,758	$ 8,481,939
Available Reserves as a Percentage of Total Outgo	3.0%	3.0%	3.0%	3.0%
Long-Term Liabilities including OPEB and Pension, as restated	N/A	$ 343,947,119	$ 489,263,339	$ 472,257,366
K-12 Average Daily Attendance at P-2	17,633	17,794	19,390	19,390

The General Fund balance has increased by $39,948,642 over the past two years. The fiscal year 2022-2023 budget projects a decrease of $7,622,701 (7.8%). 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 2022-2023 fiscal year. Total long-term liabilities have decreased by $128,310,247 over the past two years.

Average daily attendance has decreased by 1,596 over the past two years. An additional decline of 161 ADA is anticipated during fiscal year 2022-2023.

[1] Financial information for 2023, 2021, and 2020 are included for analytical purposes only and has not been subjected to audit.

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

[3] General Fund amounts do not include activity related to the consolidation of 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

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Building Fund
Assets					
Deposits and investments	$ 412,961	$ 950,102	$ 2,630,166	$ 253	$ 3,448,091
Receivables	-	335,618	3,362,586	1	14,722
Due from other funds	-	48,445	10,995	-	-
Stores inventories	-	-	337,299	-	-
Total assets	$ 412,961	$ 1,334,165	$ 6,341,046	$ 254	$ 3,462,813
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ -	$ 200,589	$ 329,163	$ -	$ 1,567,273
Due to other funds	-	779,028	975,209	-	-
Total liabilities	-	979,617	1,304,372	-	1,567,273
Fund balances					
Nonspendable	-	-	373,849	-	-
Restricted	412,961	-	4,662,825	-	1,895,540
Committed	-	-	-	254	-
Assigned	-	354,548	-	-	-
Total fund balances	412,961	354,548	5,036,674	254	1,895,540
Total liabilities and fund balances	$ 412,961	$ 1,334,165	$ 6,341,046	$ 254	$ 3,462,813

	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets					
Deposits and investments	$ 2,464,279	$ 5,317,135	$ 23,182,881	$ 8,707,251	$ 47,113,119
Receivables	757,502	11,790	52,030	-	4,534,249
Due from other funds	-	-	-	-	59,440
Stores inventories	-	-	-	-	337,299
Total assets	$ 3,221,781	$ 5,328,925	$ 23,234,911	$ 8,707,251	$ 52,044,107
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 205,197	$ 28,880	$ 202,755	$ -	$ 2,533,857
Due to other funds	4,436	-	-	-	1,758,673
Total liabilities	209,633	28,880	202,755	-	4,292,530
Fund balances					
Nonspendable	-	-	-	-	373,849
Restricted	3,012,148	5,300,045	-	8,707,251	23,990,770
Committed	-	-	-	-	254
Assigned	-	-	23,032,156	-	23,386,704
Total fund balances	3,012,148	5,300,045	23,032,156	8,707,251	47,751,577
Total liabilities and fund balances	$ 3,221,781	$ 5,328,925	$ 23,234,911	$ 8,707,251	$ 52,044,107

	Student Activity Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Building Fund
Revenues					
Federal sources	$ -	$ 466,906	$ 15,216,977	$ -	$ -
Other state sources	-	3,427,057	734,267	-	-
Other local sources	722,449	246,606	86,383	(5)	(82,793)
Total revenues	722,449	4,140,569	16,037,627	(5)	(82,793)
Expenditures					
Current					
Instruction	-	3,460,845	-	-	-
Instruction-related activities					
Supervision of instruction	-	301,342	-	-	-
School site administration	-	158,019	-	-	-
Pupil services					
Food services	-	-	14,127,934	-	-
All other pupil services	-	20,933	-	-	-
Administration					
All other administration	-	294,377	453,943	-	-
Plant services	-	520	795,935	-	-
Ancillary services	684,709	-	-	-	-
Facility acquisition and construction	-	-	-	-	15,722,527
Debt service					
Principal	-	-	1,058	-	-
Interest and other	-	-	88	-	-
Total expenditures	684,709	4,236,036	15,378,958	-	15,722,527
Excess (Deficiency) of Revenues over Expenditures	37,740	(95,467)	658,669	(5)	(15,805,320)
Other Financing Sources					
Transfers in	-	48,445	-	-	-
Net Change in Fund Balances	37,740	(47,022)	658,669	(5)	(15,805,320)
Fund Balances - Beginning	375,221	401,570	4,378,005	259	17,700,860
Fund Balances - Ending	$ 412,961	$ 354,548	$ 5,036,674	$ 254	$ 1,895,540

	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues					
Federal sources	$ -	$ -	$ -	$ -	$ 15,683,883
Other state sources	-	-	-	44,447	4,205,771
Other local sources	1,289,463	(81,091)	(336,924)	7,681,579	9,525,667
Total revenues	1,289,463	(81,091)	(336,924)	7,726,026	29,415,321
Expenditures					
Current					
Instruction	-	-	-	-	3,460,845
Instruction-related activities					
Supervision of instruction	-	-	-	-	301,342
School site administration	-	-	-	-	158,019
Pupil services					
Food services	-	-	-	-	14,127,934
All other pupil services	-	-	-	-	20,933
Administration					
All other administration	21,040	-	-	-	769,360
Plant services	25,000	-	-	-	821,455
Ancillary services	-	-	-	-	684,709
Facility acquisition and construction	452,629	152,114	2,112,136	-	18,439,406
Debt service					
Principal	-	-	-	3,270,000	3,271,058
Interest and other	-	-	-	4,345,806	4,345,894
Total expenditures	498,669	152,114	2,112,136	7,615,806	46,400,955
Excess (Deficiency) of Revenues over Expenditures	790,794	(233,205)	(2,449,060)	110,220	(16,985,634)
Other Financing Sources					
Transfers in	-	-	2,956,557	-	3,005,002
Net Change in Fund Balances	790,794	(233,205)	507,497	110,220	(13,980,632)
Fund Balances - Beginning	2,221,354	5,533,250	22,524,659	8,597,031	61,732,209
Fund Balances - Ending	$ 3,012,148	$ 5,300,045	$ 23,032,156	$ 8,707,251	$ 47,751,577

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, 2022. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the net position of the District.

Summary of Significant Accounting Policies
Expenditures reported in the schedule are reported on the *modified accrual* basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate
The District has not elected to use the ten percent de minimis cost rate.

Food Donation
Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the District had insignificant food commodity balances in inventory.

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

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

Independent Auditor’s Reports
June 30, 2022

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 (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 13, 2022.

Adoption of New Accounting Standard

As discussed in Note 1 and Note 15 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated December 13, 2022.

Purpose of this Report

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

Eide Bailly LLP

Rancho Cucamonga, California
December 13, 2022

CPAs & BUSINESS ADVISORS

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

Opinion on Each Major Federal Program

We have audited Ontario-Montclair School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

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Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
December 13, 2022

Independent Auditor's Report on State Compliance

To the Governing Board
Ontario-Montclair School District
Ontario, California

Report on Compliance

Qualified and Unmodified Opinions on State Compliance

We have audited Ontario-Montclair School District's (the District) compliance with the requirements specified in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the District's state program requirements identified below for the year ended June 30, 2022.

Qualified Opinion on After School Education and Safety

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below and could have a direct and material effect on After School Education and Safety requirements for the year ended June 30, 2022.

Qualified Opinion on School Accountability Report Card

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below and could have a direct and material effect on School Accountability Report Card requirements for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022, except as described in the accompanying Schedule of Findings and Questioned Costs.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Matters Giving Rise to Qualified Opinion on After School Education and Safety

As described in the accompanying Schedule of Findings and Questioned Costs, the District did not comply with requirements regarding the maintaining of pupil attendance records for the After School Education and Safety Program.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Matters Giving Rise to Qualified Opinion on School Accountability Report Card

As described in the accompanying Schedule of Findings and Questioned Costs, the District did not comply with requirements regarding the accurate reporting of safety, cleanliness, and adequacy of school facilities contained within School Accountability Report Cards.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	No, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes

2021-2022 K-12 Audit Guide Procedures	Procedures Performed
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	No, see below
Immunizations	No, see below
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	No, see below
In Person Instruction Grant	Yes
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
Annual Instructional Minutes - Classroom Based	No, see below
Charter School Facility Grant Program	No, see below

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

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

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

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

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

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

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

The District was not listed on the immunization assessment reports; therefore, we did not perform any related procedures.

We did not perform Career Technical Education Incentive Grant procedures because the District did not receive funding for this grant.

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

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

Report on Internal Control over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance 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 a material noncompliance with compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001 and 2022-002 to be significant deficiencies.

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

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
December 13, 2022

Schedule of Findings and Questioned Costs
June 30, 2022

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

Name of Federal Program or Cluster	Federal Financial Assistance Listing
Title I, Part A, Basic Grants Low-Income and Neglected	84.010
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D
COVID-19 ESSER - California Community Schools Partnership Program	84.425D
COVID-19 Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D
COVID-19 Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425D
COVID-19 Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U
COVID-19 21st Century Community Learning Centers (CCLC) Rate Increase: ESSER III State Reserve Afterschool Programs	84.425U
COVID-19 American Rescue Plan - Homeless Children and Youth (ARP HCY) Program	84.425W
COVID-19 American Rescue Plan - Homeless Children and Youth II (ARP HCY II) Program	84.425W

Dollar threshold used to distinguish between Type A and Type B programs:	$1,561,484
Auditee qualified as low-risk auditee?	Yes

State Compliance

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

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

Name of Programs
After School Education and Safety Program
School Accountability Report Card

None reported.

None reported.

The following findings represent significant deficiencies that are required to be reported by the ***2021**-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
40000	State Compliance
72000	School Accountability Report Card

2022-001 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. Pupil attendance records must be maintained to verify and support the program's compliance with this requirement.

Condition

While verifying the total students served at Howard Elementary School for the month of December 2021, the auditor noted that the afterschool program did not maintain daily sign-out sheets to document pupil attendance. Therefore, the auditor was unable to verify the accuracy and completeness of the site's total reported pupil attendance counts.

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 El Camino Elementary, Howard Elementary, and Vineyard Elementary Schools' attendance records and monthly attendance summary totals for the month of December 2021. The auditor selected 3 out of 31 schools for the first semi-annual reporting period dated July to December 2021. The auditor reviewed sign in/sign out records for the month of December 2021, 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 2021-2022 fiscal year since pupil attendance documentation was not maintained to support the total reported pupil attendance counts.

Cause

The cause of the condition appears to be a result of site personnel at Howard Elementary School being unaware of documentation retention requirements related to the program.

Repeat Finding

No.

Recommendation

We recommend the District to verify that all afterschool program personnel are aware of document retention requirements related to pupil attendance. Documented program procedures should also reflect this requirement.

Corrective Action Plan and Views of Responsible Officials

The District will request attendance record samples monthly from program providers to verify After School Program Attendance Rosters are maintained on file. The District will discuss the document retention process with the After School Providers.

2022-002 **72000**

Criteria or Specific Requirements

As required by California *Education Code* Section 33126(b) (8), the School Accountability Report Card (SARC) shall include, but is not limited to, an assessment of the safety, cleanliness, and adequacy of school facilities, including any need for maintenance.

Condition

The SARC includes, among other information, a report on adequacy of school facilities which is derived from the Facilities Inspection Tool (FIT). For Elderberry Elementary and Euclid Elementary, the District was unable to provide FITs that agreed to the facility ratings reported on each site’s SARC. Without being able to compare the information, we could not determine whether the facility status information in the SARCs was accurately reported.

Questioned Costs

There were no questioned costs associated with the condition identified.

Context

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

Effect

The District has not complied with requirements identified in California *Education Code* Section 33126 (a) which states that the SARC shall provide data including adequacy of school facilities by which a parent can make meaningful comparisons between public schools. The adequacy of school facilities reported on the SARC could not be verified.

Cause

The condition identified appears to have materialized primarily due to the lack of proper review processes.

Repeat Finding

No.

Recommendation

The District should become familiar with all the requirements identified in California *Education Code* Section 33126. The Facility Inspection Tools should be kept on file to substantiate the condition of the District's facilities as reported on the SARC. Additionally, the District should provide management oversight to employees responsible for performing key compliance requirements.

Corrective Action Plan and Views of Responsible Officials

The District will communicate to the individual school sites that the overall rating on the current FIT inspection report should match the rating included on the current SARC report. The District will also verify the school sites have the current FIT inspections available when completing the SARC report.

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

2021-001 40000 – State Compliance

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.

Current Status

Implemented.

CPAs & BUSINESS ADVISORS

Management
Ontario-Montclair School District
Ontario, California

In planning and performing our audit of the financial statements of Ontario-Montclair School District (the District) for the year ended June 30, 2022, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 13, 2022, on the government-wide financial statements of the District.

Associated Student Body (ASB)

Wiltsey Middle School

Observations

1. Based on the review of the cash receipting procedures, it was noted that two of six deposits tested contained cash that were not deposited in a timely manner. The delay in deposits ranged from 10 to 46 days from the dates of receipt. This could result in large cash balances being maintained at the sites, which can hinder the safeguarding of ASB assets.
2. Based on the review of the disbursement procedures, it was noted that four of six disbursements tested were not approved prior to the transaction taking place. This could potentially lead to spending in excess of available funds. Additionally, expenditures of a questionable nature could arise if disbursements are not pre-approved.

Recommendations

1. The ASB, should, at a minimum, make their deposits once a week to minimize the amount of cash held at the site. During weeks of high cash activity, there may be a need to make more than one deposit. The District should communicate specific guidelines for this procedure, including the maximum cash on hand that should be maintained at the site.
2. In order to ensure proper internal controls over the ASB disbursements, the site should ensure that all disbursement transactions are pre-approved by the student council. This would allow the student council to determine if the proposed activities are appropriate and to determine if sufficient funding is available to finance the activities or the purchases.

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

Eide Bailly LLP

Rancho Cucamonga, California
December 13, 2022

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